JPRS 84799

23 November 1983

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2476

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in <u>Government Reports Announcements</u> issued semi-monthly by the National Technical Information Service, and are listed in the <u>Monthly Catalog of U.S. Government Publications</u> issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 84799

23 November 1983

EAST EUROPE REPORT

Economic and Industrial Affairs

No. 2476

Contents

 [III - EE - 64]

KHOZRASCHET, ECONOMIC INCENTIVE EFFECTIVENESS VIEWED

Prague PRACE A MZDA in Slovak No 7, 1983 pp 7-12

[Article by Eng Jiri Durrer, Candidate for Doctor of Science, Research Institute for the Finance and Credit System, Bratislava Branch: "The Khozraschet Sphere and the Effectiveness of Economic Incentives"; passages within slantlines in boldface]

[Text] In connection with analyses that have been carried out on the impact of financial-economic instruments in khozraschet organizations, our institute has prepared an anonymous survey of the views of the employees of these organizations on the current status of economic management and administration of self-managing organizations. The first phase was carried out in 1981, 6 months after the introduction of the Set of Measures, and the second at the end of 1982, when the respondents had had 1.5 years experience with the Set. This made it possible both to show movement in the opinions of the respondents and to draw several conclusions regarding the future improvement of the system of personal economic incentives and the system of wage regulation.

The respondents in both phases were managers in divisions of planning, finance, information systems and marketing. In addition, in the first phase, managers of technical development and of labor economics divisions were also interviewed and, in the second phase, managers of production, of technical product development, of technological development, and of investment divisions were contacted. The respondents were from 12 general directorates (7 in the CSR and 5 in the SSR) and 18 enterprises within these VHJ (13 in the CSR and 5 in the SSR). From a sectorial viewpoint the project concerned five general directorates and eight enterprises of the engineering and consumer industries, and one general directorate and enterprise each from the chemical and food industries. In the first phase, 180 replies were received, and in the second phase, 240.

The survey questions were focused on indicators for evaluating the activities of khozraschet organizations. The subject of this article are those indicators which in the broader context influence personal economic incentives. The survey also concerned the areas of technical development, investment, capital asset management and external economic relations.

The first question of the survey form (the second phase contained 30 questions) solicited the views of the employees of the khozraschet sphere on the /significance of the indicators/ in terms of their /impact on the economic management/ of the respondent's organization within the economic mechanism.

This question on the survey form presented to the respondent for evaluation 12 indicators which were to be evaluated in terms of their importance for the economic management of organizations. Four levels were possible--important, less important, no impact, do not know. The indicators were: adjusted value added, supply structure, total deliveries, goods production or gross production, profit, return on production assets, losses due to low-quality production, percentage of high-technology products, labor productivity, shiftwork coefficient, machine and tool efficiency, and inventory turnover. Table 1 shows the evaluation of the above indicators at the level /"important"/.

Table 1. Indicators Valued as Important (percentage of respondents) (organizational cross section)

Ukazovatel[1] (1)	spolu (2)			Gen. riad. (3)		Podniky (4)	
	1. etapa	2. etapa	rozdiel	2. etapa	rozdiel	2. etapa	rozdiel
	počet respondentov (5)						
	180	240	60	96	24	144	36
	1	2	3	4	5	6	7
Zisk (6)	91,7	88,4	—3,3	90,6	—1,1	86,8	—4,9
(7) Upravené vlastné výkony	86,7	83,3	—3,4	83,3	—7,0	83,3	—1,0
Rentabilita k výr. fondom (8)	79,4	65,4	—14,0	61,5	—16,3	68,1	—12,5
Štruktúra dodávok (9)	73,3	63,0	—10,3	61,5	—19,1	67,4	—1,1
Produktivita práce (10)	56,7	59,2	2,5	54,2	—2,7	62,5	6,0
Doba obratu zásob (11)	40,0	50,4	10,4	49,0	7,3	51,4	12,5
Podiel výr. vysokej TEÚ (12)	51,1	40,4	—10,7	35,4	—11,8	43,8	—9,9
(13) Straty z nekval. výroby	33,9	38,3	4,4	33,3	2,7	41,7	5,6
Výroba tovaru alebo HV (14)	25,6	32,5	6,9	31,2	6,2	33,3	7,4
(15) Výťažnosť stroj. a zar.	29,4	24,2	—5,2	20,8	—9,8	26,4	—2,3
Objem dodávok spolu (16)	23,3	22,9	—0,4	12,5	—8,3	29,9	4,9
Koeficient smennosti (17)	27,2	20,4	—6,8	11,5	—12,1	26,4	—3,2

Note: 1. Indicators are listed according to magnitude of percentage of answers by all respondents in second phase (column 2).

Key:

1. Indicator[1]
2. Together
   phase 1 phase 2 difference
3. General Directorates
   phase 2 difference
4. Enterprises
   phase 2 difference
5. Number of respondents
6. Profit
7. Adjusted value added
8. Return on production assets
9. Delivery structure
10. Labor productivity
11. Inventory turnover
12. Percentage of high-technology products
13. Losses due to low-quality production
14. Goods production or gross production
15. Machine and tool efficiency
16. Total deliveries
17. Shiftwork coefficient

The results of the survey in both phases indicate that /the strongest motivator for an economically self-managed organization are those which have the most direct impact on wages payable resources/. Such characteristics are possessed by the profit, adjusted value added, return on production assets and delivery structure indicators. At the same time, during the first phase of the survey, immediately after the introduction of the Set of Measures, the economic impact of these indicators was thought to be greater than in the second phase. This was especially true of the return on production assets indicator, which was not accorded such economic efficiency in the second phase. It is clear that this is mainly due to the construction of this indicator (profit rate per unit of production assets) and to the experience of the respondents with its greater sensitivity to profits, as a result of which the fulfillment of return on production asset targets are assured almost exclusively by means of profits. That a high valuation of the importance of this indicator is linked to the incentive component of wages is primarily indicated by the relatively low valuation given to the importance of the inventory turnover indicator (40.0 and 50.4 percent of all respondents respectively), the machine and tool efficiency indicator (29.4 and 24.2 percent of all respondents, respectively) and the shiftwork coefficient indicator (27.2 and 20.4 percent of all respondents, respectively), which express elements of effective capital asset utilization in other measurement units. The importance of the last two indicators had even declined, in the view of the respondents, /clearly also as a result of the fact that their link with incentives is not sufficiently strong/.

Regarding a comparison of the views of the respondents, of those of managers of functional divisions with those of /general directorates and enterprises/, one notices in the second phase agreement as to the evaluation of the importance of the adjusted value added indicator (83.3 percent of the respondents). The higher valuation given to the profit indicator by respondents from general directorates (90.6 and 86.8 percent, respectively, of all respondents) clearly stems from the more important position of the general directorates in VHJ financial management, and the higher valuation given to the return on production assets indicator by respondents from enterprises (68.1 and 61.5 percent of the respondents) clearly expresses a closer link to the formation of the incentive component of wages payable resources in enterprises.

It is more difficult to interpret the differences in respondent views from /the CSR and the SSR/. Table 2 presents an evaluation of these indicators by CSR and SSR respondents, and in the second phase of the survey.

One may note a trend, /namely, that respondents from the SSR generally attribute greater significance to indicators which are tied to economic incentives/, with enterprise respondents displaying this the most strongly. This may stem, on the one hand, from the concrete economic conditions of the organizations in which the respondents were working, and, on the other hand, from their sectorial membership. At the same time, in the SSR a higher valuation is attached to indicators expressing component efficiency, such as production asset efficiency, inventory turnover, machine and tool efficiency, and the shiftwork coefficient. On the other hand, respondents from

Table 2. Indicators Evaluated as Important (percentage of respondents) (territorial cross section)

Ukazovateľ[1]) (1)	Spolu (2)		Gen. riad. (3)		Podniky (4)	
	ČSR	SSR	ČSR	SSR	ČSR	SSR
	počet respondentov (5)					
	160	80	56	40	104	40
	1	2	3	4	5	6
Zisk (6)	86,3	92,5	89,3	92,5	84,6	92,5
Upravené vlastné výkony (7)	80,6	88,8	82,2	85,0	79,8	92,5
Rentabilita k výr. fondom (8)	61,3	73,8	64,3	57,5	59,6	90,0
Štruktúra dodávok (9)	70,6	53,8	69,6	50,0	71,2	57,5
Produktivita práce (10)	63,8	50,0	58,9	47,5	66,4	52,5
Doba obratu zásob (11)	48,1	56,0	51,8	45,0	46,2	65,0
Podiel výr. vysokej TEÚ (12)	35,0	51,2	33,9	37,5	35,6	65,0
Straty z nekval. výroby (13)	31,2	52,5	28,6	40,0	32,7	65,0
Výroba tovaru alebo HV (14)	37,5	22,5	39,3	20,0	36,5	25,0
Výťažnosť strojov a zariad. (15)	21,9	28,8	25,0	15,0	20,2	42,5
Objem dodávok spolu (16)	17,4	23,8	8,9	17,5	22,1	50,0
Koeficient smennosti (17)	18,8	23,8	14,3	7,5	21,2	40,0

Note: 1. Indicators are listed according to magnitude of percentage of answers from all respondents in second phase (column 2, Table 1).

Key:

1. Indicator[1]
2. Together
   CSR SSR
3. General Directorates
   CSR SSR
4. Enterprises
   CSR SSR
5. Number of respondents
6. Profit
7. Adjusted value added
8. Return on production assets
9. Delivery structure
10. Labor productivity
11. Inventory turnover
12. Percentage of high-technology products
13. Losses due to low-quality production
14. Goods production or gross production
15. Machine and tool efficiency
16. Total delivery volume
17. Shiftwork coefficient

the CSR attach greater importance to the delivery structure indicator (70.6 of the respondents) and the labor productivity indicator (63.8 percent of the respondents) in comparison with the return on production assets indicator (61.3 percent of the respondents).

Also interesting are the positions of those respondents belonging to the group of /individual functional division managers/ to these indicators for the evaluation of organizational efficiency. These views are included in Table 3.

Here it is already possible to note deviations from the general trend, particularly in relation to the return on production assets indicator, and the delivery structure and labor productivity indicators, which are clearly caused by the professional focus of the divisions which the respondents are

Table 3. Indicators Evaluated as Important (percentage of respondents) (managers of functional divisions)

Ukazovateľ¹) (1)	FIN²) (2)	IS (3)	PLAN (4)	VYR (5)	ODB (6)	TRV (7)	TRT (8)	INV (9)
	počet respondentov = 30 (10)							
1	1	2	3	4	5	6	7	8
Zisk (11)	96,7	96,7	86,7	83,4	90,0	90,0	83,3	80,0
(12) Upravené vlastné výkony	96,7	93,3	93,3	83,3	76,7	76,7	76,7	70,0
Rent. k výr. fondom (13)	73,3	80,0	76,7	60,0	56,7	56,7	53,3	66,7
(14) Štruktúra dodávok	76,7	63,4	70,0	70,0	83,3	60,0	60,0	36,7
Produktivita práce (15)	63,3	53,3	50,0	56,7	63,3	56,7	66,7	63,3
(16) Doba obratu zásob	53,3	56,7	63,3	46,7	63,3	30,0	50,0	40,0
Podiel výr. vysokej TEÚ (17)	36,7	40,0	43,3	36,7	36,7	46,7	46,7	36,7
Straty z nekval. výr. (18)	33,3	36,7	46,7	43,3	43,3	40,0	33,3	30,0
(19) Výr. tovaru alebo HV	36,7	30,0	30,0	53,3	23,3	33,3	30,0	23,3
Výťažnosť str. a zar. (20)	13,3	26,7	23,3	20,0	30,0	23,3	26,7	30,0
(21) Objem dodávok spolu	26,7	20,0	23,3	20,0	13,3	36,7	23,3	20,0
Koeficient zmennosti (22)	23,3	40,0	13,3	6,7	20,0	10,0	13,3	36,7

¹) Ukazovatele sú zaradené podľa veľkosti podielov odpovedí všetkých respondentov v druhej etape (stĺpec 2 tabuľky 1).
²) Vedúci útvarov: FIN — finančných
IS — informačných sústav
PLAN — plánovacích
VYR — výrobných
ODB — odbytu
TRV — technického rozvoja výrobkov
TRT — technického rozvoja technológií
INV — investičných

Note: 1. Indicators are listed according to magnitude of percentage of answers of all respondents in the second phase (column 2, Table 1).

Key:

1. Indicator[1]
2. Financial division managers
3. Information systems managers
4. Planning division managers
5. Production division managers
6. Marketing managers
7. Technical product development managers
8. Managers of technology development
9. Managers of investment divisions
10. Number of respondents = 30
11. Profit
12. Adjusted value added
13. Return on production assets
14. Delivery structure
15. Labor productivity
16. Inventory turnover
17. Percentage of high-technology products
18. Losses due to low-quality production
19. Goods production of gross production
20. Machine and tool efficiency
21. Total delivery volume
22. Shiftwork coefficient

responsible for. However, the attitudes of respondents in particular functional divisions to the machine and tool efficiency (effectiveness) and shiftwork coefficient indicators are interesting, though it is difficult to find a justification for them.

The indicators that respondents evaluated as less important are presented in Table 4.

Table 4. Indicators Evaluated as Less Important (percentage of respondents) (organizational cross section)

Ukazovateľ[1] (1)	Spolu (2)			Gen. riad. (3)		Podniky (4)	
	1. etapa	2. etapa	rozdiel	2. etapa	rozdiel	2. etapa	rozdiel
	počet respondentov (5)						
	180	240	60	96	24	144	36
	1	2	3	4	5	6	7
Objem dodávok spolu (6)	58,3	59,6	1,3	64,6	4,9	56,2	—1,2
Výr. tovaru alebo HV (7)	59,4	52,1	—7,3	51,0	—8,7	52,8	—6,5
(8) Koeficient smennosti	40,6	47,9	7,3	57,3	11,5	41,7	4,7
Výťažnosť str. a zariad. (9)	42,8	45,8	3,0	42,7	2,4	47,9	3,5
(10) Straty z nekval. výroby	54,4	41,7	—12,7	50,0	—5,6	36,1	—17,8
(11) Podiel výr. vysokej TEÚ	21,1	29,6	8,5	64,8	5,9	36,1	10,2
Doba obratu zásob (12)	45,0	34,2	—10,8	33,3	—2,8	34,7	—16,2
(13) Produktivita práce	33,9	30,8	—3,1	35,4	—3,5	27,8	—2,8
Štruktúra dodávok (14)	—	25,8	25,8	29,2	29,2	23,6	23,6
Rentab. k výr. fondom (15)	14,4	25,4	11,0	28,1	14,2	23,6	8,8
(16) Upravené vlastné výkony	9,4	10,0	0,6	6,2	0,6	12,5	6,5
Zisk (17)	6,1	6,7	0,6	3,1	—3,8	9,0	3,6

Note: 1. Indicators are listed according to magnitude of percentage of answers from all respondents in second phase (column 2).

Key:

1. Indicator[1]
2. Together
phase 1 phase 2 difference
3. General Directorates
phase 2 difference
4. Enterprises
phase 2 difference
5. Number of respondents
6. Total delivery volume
7. Goods production or gross production
8. Shiftwork coefficient
9. Machine and tool efficiency
10. Losses due to low-quality production
11. Percentage of high-technology products
12. Inventory turnover
13. Labor productivity
14. Delivery structure
15. Return on production assets
16. Adjusted value added
17. Profit

Of interest, besides the volume indicators, is the position of the component indicators of efficiency--production asset effectiveness--shiftwork coefficient, machine and tool efficiency (effectiveness), and inventory turnover.

For completeness, we are also presenting the indicators which, in the view of the respondents, have no impact (in Table 5). Again, the position among these indicators of the component indicators of efficiency--production asset efficiency--shiftwork coefficient and machine and tool efficiency, are of interest.

The foregoing responses to the first question of the survey form offer many suggestions for consideration. Even though this concerns the subjective views of the respondents, they are people who, nevertheless, occupy responsible functions in the khozraschet sphere, and therefore exert an active

Table 5. Indicators With No Impact (percentage of respondents) (organizational cross section)

Ukazovateľ (1)	Spolu (2)			Gen. riad. (3)		Podniky (4)	
	1. etapa	2. etapa	rozdiel	2. etapa	rozdiel	2. etapa	rozdiel
	počet respondentov (5)						
	180	240	60	96	24	144	36
	1	2	3	4	5	6	7
Koeficient smennosti (6)	22,8	25,0	2,2	26,0	3,8	24,3	1,2
(8) Výťažnosť str. a zar. (7)	16,1	20,0	3,9	26,0	9,3	16,0	0,2
Podiel výr. vysokej TEC	12,8	14,2	1,4	13,5	3,8	14,6	—0,2
Straty z nekval. výroby (9)	6,7	12,5	5,8	10,4	3,5	13,9	7,4
(10) Objem dodávok spolu	15,0	11,7	—3,3	17,7	3,8	7,6	—8,1
Výr. tovaru alebo HV (11)	11,7	9,6	—2,1	11,5	0,4	8,2	—3,7
(12) Doba obratu zásob	7,2	7,1	—0,1	9,4	1,7	5,6	1,0
Produktivita práce (13)	3,9	5,0	1,1	4,2	1,4	5,6	1,0
(14) Štruktúra dodávok	25,0	3,3	—21,7	3,1	—16,3	3,5	—25,2
Rent. k výr. fondom (15)	3,9	2,5	—1,4	3,1	—2,5	2,1	—0,7
(16) Upravené vlastné výkony	0,6	1,7	1,1	3,1	1,7	0,7	0,7
Zisk (17)	—	0,8	0,8	1,0	1,0	0,7	0,7

Note: 1. Indicators are listed according to magnitude of percentage of answers from all respondents in phase 2 (column 2).

Key:

1. Indicator[1]
2. Together
   phase 1 phase 2 difference
3. General Directorates
   phase 2 difference
4. Enterprises
   phase 2 difference
5. Number of respondents
6. Shiftwork coefficient
7. Machine and tool efficiency
8. Percentage of high-technology products
9. Losses due to low-quality production
10. Total delivery volume
11. Goods production or gross production
12. Inventory turnover
13. Labor productivity
14. Delivery structure
15. Return on production assets
16. Adjusted value added
17. Profit

influence on the economic management of their organizations. At the same time, however, these results confirm the importance of personal economic incentives to the achievement of the economic objectives of society.

9276
CSO: 2400/418

PLANNED TRANSPORTATION DEVELOPMENT, TASKS FOR 1984

Prague DOPRAVA in Czech No 3, 1983 pp 194-198

[Article by Eng Ladislav Storkan, director of the Transportati[illegible] and Communications Division of the State Planning Commissio[illegible]ent and Tasks of Transportation in Connection With 1984 Pl[illegible]pa[illegible]]

[Text] The basic tasks of the principal directions of economic a[illegible] social development of the CSSR for the 1981-1985 period in the transportation sector fall into the following main problem areas:

--the reduction of the transportation intensiveness of production and the improved organization of the transportation process and its planning,

--the assurance of the transportation requirements of the national economy through the appropriate development of individual modes of transportation,

--economization of the division of transportation labor, rationalization of the use patterns of transportation resources, and the minimizing of energy intensiveness,

--assuring the construction of transportation routes and the priority utilization of investment resources for the development of railway transportation, and in particular for the further development of electric locomotive operations,

--solving such capital construction problems as incomplete construction projects, making facilities operational according to projected deadlines, pre-project and project construction preparations, raising expectations of performance in skilled activities,

--the improvement of planned management in the transportation sector, the expanded introduction of new equipment, the increased utilization of computer technology in the planning and administrative processes, etc.

These are the main problem areas in transportation which are receiving and will continue to receive maximum attention, so as to study and solve them in innovative ways at all levels of management, in all types of transportation and, for some of them, at all shipping operations.

The Evolution and Characteristics of the Current Situation in Transportation

The recent development of transportation has also been influenced by the overall extensive character of national economic development, which has resulted in a generally high transportation intensiveness for the Czechoslovak economy.

The volume of transported goods has been increasing continually, primarily due to developments in the transportation of building materials and earth that are related to the development of capital construction throughout the national economy. During the Fifth and Sixth 5-Year Plans, freight transportation increased by more than 34 percent and 20 percent respectively, but the transportation of building materials and earth grew by more than 48 percent and 24 percent over the same periods.

The attention of the transportation sector has been focused on assuring priority transportation objectives, mainly in the areas of solid fuels, ores, and international transportation.

The transportation requirements of the national economy have basically been satisfied, even though at certain times problems have arisen in railway and water transportation. These have had an unfavorable impact on both the economy and the smoothness of transportation, both on the physical movement of goods as well as on shippers and customers.

In accordance with resolutions of the 16th CPCZ Congress, the Seventh 5-Year Plan contains provisions for a reduction in the transportation intensiveness of production of 5 percent in terms of ton-kilometers and of 8 percent in terms of tonnage. In terms of the allocation of transportation work, an increase in the percentage of water and railway transportation was projected and is in fact occurring, along with an equivalent reduction in the share of road transportation. Water and railway transportation, as less energy-intensive modes, should be developed more rapidly. Fulfillment to date, over more than 2 years (1981, 1982), indicates that the established guideline for the critical indicator of transportation performance (ton-kilometers) is in essence being met. In ton-volumes of transported goods, a trend is developing towards an increasing percentage of combined transportation, reflecting a rational utilization of the advantages of individual modes of transportation in the transporting process. This may be considered a long-term developmental trend which must be further developed, particularly among shippers.

The requisite reduction in the growth of transportation of building materials and earth contains great possibilities for reducing transportation intensiveness in the remaining years of the Seventh 5-Year Plan. This will be true as well for the Eighth and Ninth Five-Year Plans.

Significant underutilized capacity (as yet insufficiently exploited) is becoming evident in the use of advanced transportation systems. The full development and assurance of these systems was undertaken only beginning with

the Seventh 5-Year Plan. It must be said that many questions remain to be resolved in this area, although attention is now being paid to deliveries of needed transportation equipment for shipping and the shipper (containers, cranes, lift trucks, pallets and the like). But despite these problems, much greater attention must be devoted to this area because of its great importance for the efficiency of shipping, shippers and the entire national economy.

Regarding the transportation of people, the needs of the population have for all practical purposes been assured in terms of quantity, although some problems have arisen in the quality of transportation, particularly in railway travel and urban mass transit. The greatest share in the systematic increase in the mobility of the population belonged to automotive transportation--Czechoslovak Automotive Transportation [CSAD], while railway transportation declined substantially as a percentage of the total number of people transported and of transportation performance. The increased mobility of the population is attested to by increases in passenger-kilometers per capita, which grew by 17 percent between 1970 and 1980, and the number of trips per capita for the CSSR, which reached 167 trips in 1980 (excluding travel on urban mass transit systems).

It must be stated openly that the development of transportation facilities, particularly the track and station facilities of railway transport, and sometimes roads and urban transportation systems, has not always met requirements for the effective satisfaction of the growing transportation requirements of the national economy. Investment resources have been focused primarily on mobile facilities, on locomotive modernization and on the construction of advanced support equipment. This situation has been contributed to as well by shortcomings in capital construction, in preparations for and the implementation of certain construction projects and, in some years, by the failure to make use of all the investment resources allotted by the plan for that year.

Some delays in the development of fixed facilities were caused by the gradual exhaustion of ready reserves, especially in the railway system. There has been a turn for the better in the past 2 years, which must be maintained and improved upon.

Bottlenecks which must gradually be opened on several lines and at railway terminals are regularly in evidence not only as overall and immediate possibilities for improving transportation performance, but also often because they make it impossible even to bring equilibrium to unevenly applied shipping requirements and, last but not least, also have a negative impact on the quality of public transportation (train delays, etc.).

From the viewpoint of the mobile fleet there is some underutilized capacity, the full realization of which is often prevented by existing shortcomings in managerial and organizational work. Bottlenecks at fixed facilities are also evident in the inadequate and sometimes obsolete outfitting of loading and unloading locations both in the transportation network and at shipper's facilities.

The percentage of energy efficient water transportation has been increasing systematically from the middle of the 1970's, following its period of previous stagnation. More rapid development and more extensive utilization of waterways has so far been limited both by the capacity of the merchant fleet and transfer equipment and by the possibilities for access on the part of shippers to water transportation. Upcoming years should bring a turn for the better, especially in terms of deliveries of ships and cranes from domestic industry, and also in that shippers will increasingly make use of this rational and energy-efficient mode of transportation. Increased water transportation should also be contributed to a large extent by foreign trade organizations, which should make still more use of water transportation in the area of international shipping.

The performance of air transportation increased gradually, with moderate fluctuations, up to the end of the Sixth 5-Year Plan. Something of a watershed was reached in 1980, when due to adopted regulatory measures the performance of domestic air transportation steeply declined from the base of the Sixth 5-Year Plan.

This has resulted in the new situation being incorporated into the utilization of the equipment base and the work force, requiring the ongoing implementation of rationalization measures to make all of air transportation more effective.

Aerial agricultural work has grown dynamically despite problems connected with the modernization of the aircraft fleet.

Highway freight transportation has shown the fastest growth rate of the entire transportation system. This rapid development has been connected mainly to the development of capital construction and construction activities. Earth and construction materials (loose substrates) have increased from 64 percent of all highway freight transportation in 1970 to roughly 70 percent of this total in 1980, and presently account for 75 percent of all CSAD work.

Prior to 1980 there was not complete success in assuring the priority development of public highway transportation as established by political-economic directives. This undesirable trend was successfully changed only upon adoption of fundamental and specific measures in the form of CSSR Government resolutions.

The evolution of CSAD's share of the total number of motorized freight vehicles (in 1970--25 percent, in 1975--22 percent, in 1980--24 percent) and its share of overall transportation output (in 1970--48 percent, in 1975--49 percent, in 1980--50 percent) provides evidence of the overall trends in the division of transportation work between public and factory transportation.

The evolution of qualitative indicators and the utilization of transportation equipment indicates that, particularly in public automotive transportation, measures are being implemented for greater vehicle utilization.

In conjunction with rationalization measures and the overall reduction in the transportation intensiveness of the national economy, an absolute reduction of roughly 200,000 tons is projected in propellant consumption by automotive transport in the Seventh 5-Year Plan while maintaining transportation volume at the level of 1980. This will require more than a little organizational work in the physical movement of goods and close cooperation with major shippers.

The relatively sharp increase in CSAD bus transportation is a reflection of the coverage of growing public transportation requirements primarily through scheduled public transportation, but also with unscheduled transportation-outings. In addition, the growth of public mass transit provided by CSAD in smaller towns has had a significant impact. In addition, public mass transit provided both by a transportation enterprise and by CSAD has shown rapid, long-term growth (transportation enterprise mass transit increased by 58 percent between 1970 and 1980, and CSAD mass transit by 118 percent), brought about above all by the need to cover new transportation demands arising from the construction of new housing complexes, by increases in city districts within the context of territorial reorganizations and, last but not least, by the introduction of public mass transit in smaller towns where this service did not exist previously.

Generally, it may be stated that the rapid growth in personal and public transportation (excluding individual motorism) also reflects the raised living standard of our people, as well as the affordability of the choice of public transportation resources for a trip to work, to shop or for domestic or foreign recreation.

In the past decade almost 20 kilometers of subway have been made operational in Prague, but, on the other hand, the insufficient development of traditional electric systems (electric trams and trolleybuses) has meant that increased transportation requirements have been met mainly by buses, which has had several negative effects (increased propellant consumption, worsened environment).

The size of the surface transportation network is basically stable at about 150,000 kilometers. Special attention has been devoted to selected parts of the road network which make up about 38 percent of the total, including superhighways, and which handle about 75 percent of the total transportation load. Despite the positive results which have been achieved in the past, the construction of transportation routes has fallen behind the requirements of rapidly growing motorism and growing transportation intensity.

Prior to 1980, delivery requirements for propellants and electrical energy for the transportation system were covered without great problems. This situation changed substantially in the Seventh 5-Year Plan, when in connection with limited inputs of liquid fuels for the national economy there were substantial restrictions on fuel deliveries for the transportation sector as well. It was, therefore, necessary to adopt a number of measures to assure essential conservation and reduced energy intensiveness of transportation by reducing the transportation intensiveness of the national economy,

making structural changes in the division of transportation work and, last but not least, by reducing standard requirements per unit of output in all modes of transportation, including factory transportation.

Plan fulfillment for the third year of the Seventh 5-Year Plan is proceeding favorably. It will be necessary to maintain this trend over the entire year.

Although we are still in 1983, it is already necessary that we begin to think about plan preparations for 1984. This plan should be based on the fact that the objectives and constraints of the Seventh 5-Year Plan will be essentially adhered to, and in those cases where the favorable developments of 1983 make it possible it will be necessary to improve upon the basic objectives established by the Seventh 5-Year Plan for 1984.

Where to Focus Attention in 1984 Plan Preparation

We must begin by seeing to it that the transportation plan for 1984 provides for the full assurance of the transportation needs of the national economy and the population. While respecting the basic guidelines of the Seventh 5-Year Plan it will be necessary to take account of current developments in the transportation of goods in conjunction with changes in the structure of production, investment and construction projects, foreign trade and the like. Maximum attention must be devoted to the elimination of uneconomic transportation and to the assurance of established objectives in the reduction of transportation intensiveness.

In terms of transportation performance in ton-kilometers and in average transportation distance, attention must be paid to recent developments, where in comparison with the objectives of the Seventh 5-Year Plan there has been a reduction in average transported distance in all modes of transportation.

In terms of the division of transportation work among specific transportation sectors, it will be necessary to focus attention on the priority development of less energy-intensive modes of transportation and to meet or, if possible, exceed the planned shares of railway and water transportation in total transportation volume.

In terms of the structure of transported substrates, the assurance of solid fuel transportation for the national economy continues to be worthy of priority attention in 1984. With a view to the necessity for further rationalization of transportation relations, and in conjunction with the projected development of capital construction, it will be necessary to introduce an orientation towards further minimizing demands for the transportation of earth and construction materials. It will be necessary to devote attention to the selection of warehouses and depots as close as possible to construction sites, to a reduction in the scope of earthmoving work, the utilization of local sources of construction raw materials and materials, etc.

In formulating proposals for international transportation, attention should be given to projected imports of raw materials, materials, and products, and

on the other hand to the exporting of our products to socialist and capitalist countries. It will be necessary to create positive preconditions for the smooth execution of international transportation, including transit shipments.

In compiling the plan for public transportation, attention should be devoted to creating the conditions for a substantial increase in the quality of public transportation.

The year 1984 should continue the trend of shifting long distance freight shipments from highway transportation to rail transportation, or to water transportation where conditions permit. Some shifting of transportation tasks must also take place between CSAD and factory transportation, with factory transportation handling primarily earth moving and a portion of the transportation of construction materials, and CSAD handling the shipping of other items over longer distances.

In assuring water transport objectives, the proposed 1984 plan will have to incorporate a means for implementing the measures which resulted from the inspection of the CSSR People's Control Committee for creating the preconditions for a wider integration of water transport into the division of transportation work. It is especially necessary that foreign trade organs take greater advantage of this transportation mode than in the past for increasing foreign shipments. It will be necessary for foreign trade organizations to offer water transportation an appropriate substrate, and that they consider possibilities for shifting freight from automotive and railway transport to water transport, thereby creating for the national economy the conditions for achieving maximum savings of foreign currency resources and fuels.

In air transport it will be necessary to generate output on the existing network of routes without increasing frequencies on unprofitable routes, especially to nonsocialist countries. In this work it is essential to pick up on the favorable development of the first years of the 5-year plan and to attempt to create the technical and organizational preconditions for fulfilling the performance targets established by the Seventh 5-Year Plan for 1984, and to assure the requirements of our agricultural sector.

In automotive freight transportation it is clear that a fundamental objective in 1984 plan preparation should be an orientation towards a reduction in shipments of earth and building materials, since these are critical components influencing the achievement of objectives in the reduction of transportation intensiveness, according to the projections of the Seventh 5-Year Plan. In conjunction with this it is essential to build on achieved results in shortening the average transported distance for the shipment of goods and to provide for an increase in public automotive transportation as a percentage of transportation performance in conjunction with the resolutions of the Seventh 5-Year Plan.

Results which have been achieved in reducing standard fuel consumption are creating reasonable preconditions for a more substantial reduction in the

overall energy intensiveness of automotive transport. While the development in public automotive transportation is somewhat ahead of state plan objectives, the established tasks for factory transportation have not yet been fully met in this area. In factory transportation, then, 1984 will be a year of efforts to assure fully the objectives of the Seventh 5-Year Plan.

In personal transportation it will be necessary to verify the results of the 1982-83 period in relation to restrictive measures which have been implemented (particularly for CSAD and urban mass transit) in the regularly scheduled transportation of people, and gradually to limit undesirable negative impacts on the traveling public within the framework of established limits on fuel consumption. It is assumed that through the more rapid rationalization of freight transportation it is possible and essential to create the opportunity for fully assuring the transportation needs of the population in both personal and freight transportation while providing for an optimal division of transportation labor among specific transportation sectors.

The area of progressive shipping systems, which are incorporated in a state target program, is worthy of more than a little attention in 1984. In this area it will be necessary to resolve a number of unsolved problems, both in terms of transportation volume and in terms of the most pressing deliveries of transportation equipment needed for the development of this modern shipping system.

Also in need of more than a little attention will be the area of improving qualitative indicators in all modes of transportation, especially in terms of railway rolling stock circulation, static load, locomotive productivity, the utilization of trucks, planes, ships, etc.

It will be necessary in 1984 to create the conditions, through timely construction preparation, for the initiation of all the construction projects provided for by the Seventh 5-Year Plan, so as to make up for the delays from the first years of the 5-year plan.

The area of the management of fuels, energy and materials will merit considerable concern and attention at all levels. It will be necessary to move farther forward with the process of definite standards based on use and with the integration of computer technology, especially in the area of material and technical procurement. It will be necessary to create the conditions for a reduction in demands for deliveries of basic types of materials and for the fulfillment of objectives in the area of "Reducing the Energy Intensiveness of Transportation."

In conjunction with the current favorable development of employment it will be necessary to arrange for the coverage of increased numbers of employees by a corresponding increase in labor productivity in relation to achieved and projected performance. The objective should be the maintenance of established standards for wage requirements and a reduction in overtime work.

In railway transportation it will be necessary to incorporate into the 1984 plan changes in the structure of shipped goods, namely a reduction in the percentage of shipped building materials, an increase in the share of other goods, and modifications in the development of transit shipments and in public transportation. In the area of freight it will be essential to search for possibilities for reducing costs for the consumption of materials, fuels and energy, in accordance with further progress in the rationalization projects contained in state target programs.

In air transportation it will be necessary to take account of changes in the structure of public transportation and transportation performance. Freight operations will have to incorporate the further rationalization of air transport, a reduction in energy intensiveness, an increase in the time usage of aircraft, a limiting of traffic on unprofitable routes, etc.

Similar tasks will have to be resolved in automotive and water transport as well, including the areas of the work force, fuel and materials conservation, the division of transportation work, etc.

In conclusion, it must be stated that in compiling plan proposals it will be necessary to take account of the objectives of the Seventh 5-Year Plan and to continue with the current favorable developmental trends in the fulfillment of the basic indicators for transportation development. It will be necessary to search for further possibilities for reducing consumption of enriched types of fuel and energy, to assure an optimal division of transportation work as well as further improvements in the utilization of existing and newly delivered capital assets. All of this must also be reflected in the overall economic-financial statement during plan fulfillment throughout 1984.

9276
CSO: 2400/18

RESULTS OF ECONOMIZING IN FUEL, ENERGY ANALYZED

Prague SVET HOSPODARSTVI in Czech 22 Sep 83 pp 1,2

[Article by Eng Josef Par, CSR deputy minister of industry: "Results of Checks on Fuel and Energy Management"]

[Text] Internal and external conditions of securing CSSR fuel and energy resources extraordinarily underscore the significance of the economical use of fuels and energy, and the rationalization of their consumption. We at the CSR Ministry of Industry are fully aware of this significance because enterprises and plants under our supervision consume different types of fuels and energy at the present time whose total represents 321,000 TJ per year and accounts for approximately 10 percent of statewide consumption.

We achieved rather good results in management of fuels and energy resources in the past. They were reflected in the first place in the fact that the standard energy consumption per million Kcs of production was reduced by 40 percent during the 1970-1980 period. The favorable trend has continued also during the Seventh 5-Year Plan, when we reduced standard energy consumption 2.7 percent in 1981 and 2.5 percent in 1982. We thus fulfilled the task set by the 16th CPCZ Congress and the pledge undertaken by the 10th All-Trade Union Congress.

The situation in the upcoming period looks considerably more difficult. The conditions for providing the national economy and thus also our ministry with fuels and energy are gradually deteriorating. Possibilities of "simple" rationalization have been to a considerable extent exhausted and further conservation must therefore be achieved with technically more complex projects requiring big investments. This calls for a new approach and is more demanding. We therefore some time ago adopted measures which are designed to manage more intensively and consistently, and actively affect the implementation of the energy rationalization program. It can be stated that the effect of these measures is becoming gradually noticeable. Their consistent implementation is of the utmost urgency during the upcoming period.

Closely related to all these measures was the subsequent comprehensive check on fuels, energy and motor fuels management which was decided upon by the

Presidium of the CPCZ Central Committee in October 1982. This check has simultaneously contributed to further intensification of measures already adopted by the ministry and to their full practical application.

If we are to evaluate preparation and course of the first stage of the check, we can state that VHJ's [economic production units] approached the check with responsibility and full realization of its significance for alleviating the disproportions in the fuel-energy situation. It cannot be denied, however, that in its initial phase especially it varied considerably on the enterprise and plant level.

The role of activists and members of steering commissions in rendering assistance to the organizations and supervising the checks was very significant. On the basis of their findings, the checks were flexibly coordinated at all levels and the discovered shortcomings were promptly eliminated both by economic management and party, trade union, youth and other mass organizations participating in the check. It is necessary to appreciate the important role of these organizations in carrying out the check.

Generally speaking, the course of the first stage of checks in the CSR Ministry of Industry can be regarded as positive. Its results prove that the task forces spent considerable effort on discovering reserves and shortcomings.

These results can be summarized as follows:

1. The measures enacted on the basis of these checks provide for an average 2.66 percent interannual reduction of standard energy consumption during the 1983-1985 period.

2. On the basis of the check, the consumption limits in the 1983 plan can be reduced by 100,000 tons of brown coal, 5,000 tons of coke, 10 million cubic meters of lighting gas.

3. In accordance with the measures disclosed by the check, the reductions planned within state goal-oriented program 02 (rationalization of fuels and energy consumption) can be increased by 7.5 percent in 1983, 2.5 percent in 1984, and 2.6 percent in 1985.

In the material respect the workers submitted thousands of proposals for making more economical and more effective use of fuels and energy from simple measures which can be enacted in a short time according to the more complex proposals of a long-term nature. During the second stage of the check and later these suggestions must be evaluated, worked out in more detail and prepared for practical application. All other tasks and activities which should contribute to further reduction of fuel and energy consumption must also be systematically carried out. We are directing management and organization at all levels from the ministry to VHJ's to enterprises toward this goal.

To accomplish the related tasks we emphasize in the plan the role of energy rationalization. We have specified in the 1983 plan for each VHJ the tasks which follow from the first stage of the comprehensive check, that is:

an average 7.5 percent increase in the target for energy rationalization in the entire area supervised by our ministry;

an adjusted indicator of standard energy consumption per million Kcs of gross production set in a differentiated way for VHJ's on the basis of the comprehensive check;

a differentiated reduction of the limits set for brown coal, coke and lighting gas consumption.

In this way we want to achieve the results of the check.

In the implementation of the program our investment policy is based on practice proven in the past. In the plan we have specified as minimal the special-purpose investments designed to implement state goal-oriented program 02. We are directing VHJ's to finance from the investment funds allocated to them also other projects necessitated by fuel and energy rationalization, including those called for by the comprehensive check. We categorically insist on the requirement that VHJ's and enterprises must pay maximum attention to the preparation and implementation of projects designed to reduce fuel and energy consumption and that they flexibly solve with the suppliers the problems and shortcomings threatening fulfillment in the specified scope and within the specified deadlines.

The predesign and design preparation of investment projects play an important role in the economical use of fuels. The design engineers' contribution in this area depends primarily upon the extent to which they propose solutions with minimized fuel and energy consumption in their predesign and design preparation of construction projects. Although it can be stated that this principle has been generally observed in the ministry, there are still certain possibilities of further improvement particularly in relation to the choice of the type of fuel and energy according to their availability and national economic advantage. We insist that VHJ's and design organizations fully respect the principle of maximum economy in the energy consumption when they design new buildings.

Basic research has not yet made a satisfactory contribution to the reduction of energy consumption. An analysis of tasks of RVT [development of science and technology] has revealed that their contribution to the reduction of fuel and energy consumption represented only 2 percent in 1981 and 5 percent in 1982 of the total target. This situation is unbearable and it is therefore imperative to increase, in the remaining years of the Seventh 5-Year Plan, the share of RVT in energy conservation. For these reasons we are instructing VHJ's to reanalyze the potential technological and production sources of conservation, to reassess the structure and goals of RVT and to propose also new tasks for RVT leading to further fuel and energy conservation and to assign priority to their implementation. We have also reached the conclusion that it will be expedient to set up also in our sectoral research centers task forces which will conduct the necessary analysis of potential sources of fuel and energy conservation and propose new RVT tasks for their implementation.

We see considerable reserves in increased conceptual activity in the area of reducing energy consumption. With a few exceptions we have not yet succeeded in inducing VHJ's and enterprises to elaborate a serious long-term concept of their development with reference to the fuel and energy resources available to them, and to the possibilities of implementing feasible economy measures. The ideas about their future development as far as we can judge today, belong to the category of "pious wishes" because they ignore long-term fuel-energy prospects and are based on the assumption that everybody will get in fuels and energy what he needs. We cannot accept such a concept. We have therefore established for the preparation of future long-term plans the principle that the prospects of increasing fuel and energy resources above the present level must be ruled out and that reduction of present-day consumption must provide funds for further development. We have instructed economic production units to elaborate and submit by the end of this year a long-term program of rationalization of fuel and energy consumption so that further development will be possible within the specified limits of fuels and energy consumption.

In order to explore the questions of further reduction of energy consumption more thoroughly, we are simultaneously organizing at our specialized centers some cross-section projects aimed at:

exploration of realistic possibilities of reducing electrical energy consumption;

exploration of possibilities of more effective utilization of waste fuels and waste heat in the sectors supervised by our ministry;

utilization of unconventional sources of fuels and energy under the conditions prevailing in our ministry;

application of microelectronics in our ministry to reduce fuel and energy co -sumption.

We place emphasis on more detailed legislation in the area of fuel and energy consumption. In enforcing discipline in this area we see one of the basic preconditions for the further economizing of energy consumption. Although the situation in this area has somewhat improved, it is still not satisfactory and the standards employed are for the most part statistical indicators only. For this reason, we adopted some time ago a program of creating technically substantiated standards whose implementation we consistently press. At the same time, we demand of VHJ's a gradual expansion of justified standards to other areas of production so that they will apply to the overwhelming part of fuel and energy consumption.

Past experiences demonstrate that socialist competition organized at the ministerial, sectoral and enterprise level has played an important part in the results achieved in the economical use of fuels. We also intend to use these forms of workers' mobilization for the implementation of tasks of energy conservation in the future.

Financial incentives for workers for fuel and energy conservation will undoubtedly reduce energy consumption more rapidly. We deem it important to set adequate incentives in this area particularly for managerial economic personnel because it is up to them what conditions they create by their management and organizational work for meeting the tasks of energy conservation. For this reason we established this year an indicator of standard energy consumption per million Kcs of gross production as the mandatory indicator for bonuses for general managers in 5 VHJ's and technical managers in 15 VHJ's. These differential indicators already take into account the reduction of energy consumption according to the results of the check. These indicators are used in a similar way for enterprise management personnel. We also see to it that financial incentives aimed at fuel and energy conservation are more effectively used for workers in intraenterprise departments within the regulations and model premium systems published by the ministry.

We regard the participation of managerial economic personnel in the organization of work related to the reduction of fuel and energy conservation as the key precondition of further improvement of work in this area. Earlier experiences from VHJ's already demonstrated that in those instances where the effort to use fuels and energy economically is headed by the enterprise managers and managerial personnel, good results are achieved not only immediately, but also over a longer period. This factor was fully reflected in the recent period when VHJ and enterprise management personnel actively participated in the organization, management and control of the comprehensive test. It is necessary to continue in this method.

Serious tasks in this area make it imperative to carry on political, organizational and educational work. This means that energy conservation must be promoted and supported by political work with the participation of party, trade union and youth organizations. This means also paying even greater attention in the plants to permanent propaganda aimed at fuel conservation by using posters, factory press and factory radio.

The evaluation of results of the first stage of comprehensive check revealed that the intentions set at the start of the checks were essentially fulfilled. Among the positive aspects we must mention that large work collectives participated in the exploration of possibilities of greater conservation, that trade union, youth and other mass organizations took part in this process, which was supervised by the party organizations. The checks, however, are not finished. The focal point now shifts to the second stage, which aims at further intensification and broader application of measures, their projection into the operations plans, and above all at their consistent implementation.

10501
CSO: 2400/44

SELECTED VHJ MANAGEMENTS FEEL EXPORT INCENTIVES STILL INEFFECTIVE

Prague HOSPODARSKE NOVINY in Czech 19 Aug 83 p 7

[Article by Eng Vlasta Safarikova, CSc., Eng Stanislav Novak, College of Economics in Prague: "Insufficient Results So Far"]

> [Text] For more than 2 years, the Set of Measures has been working in our economy toward improving the planned management system of the national economy. A relatively short time, especially for the overall evolution of its effectiveness. On the other hand, long enough to make possible a judgment of how the individual branches are coping with its application and where it is necessary to improve its principles. The development of the world economy continually confirms that every hesitation means a big loss. Therefore, external economic relations are an area which is being followed more and more. The workers at the College of Economics in cooperation with the Czechoslovak Chamber of Commerce and Industry have tried to ascertain the situation by polling selected VHJ's [economic production units] and organizations of foreign trade [OZO]. What have they learned? This article deals with it.

The polling investigation was done on the basis of questionnaires directed at VHJ's and OZO's, which differed in their scope and in the wording of individual questions. Of course, both types of questionnaires contained some similarly worded questions, making a confrontation of views possible. The questionnaire directed at the respondents from the production sphere was augmented with an entry table which was supposed to characterize the filling of some plan indicators. In both questionnaire types the examined problems were divided into the following thematic sections: planning, financial and foreign exchange instruments, pricing problems, VHJ and OZO cooperation, scientific-technical cooperation.

The polling questionnaires were sent to 61 respondents, of which 49 replied (81 percent return). In this, a 100-percent return came from the department of the Ministry of Industry of SSR and both republic Ministries of Agriculture and Food Supply. Conversely, the lowest return came from the Federal Department of the Ministry of General Machinebuilding Industry (a mere 45 percent).

The Problem is Quality

From the data obtained from the entry table we consider as interesting the indicator of the product share of a high technical level in the total production of the respondent (viz the indicator mentioned previously in TECH report 13-04). With the absence of 24 percent of the respondents, this report characterizes the reply concentration within the 5-10 percent interval (but mostly they are the lower values of this interval). The highest values reported by two respondents were within the 20-25 percent interval.

In their questionnaire respondents from the foreign trade sphere characterized the movement of quality, effectiveness, and innovations of export funds of the export partners most frequently as "minute changes" (68 percent of the respondents) or even as "competitiveness deterioration" (26 percent of the respondents). Not one marked on the scale of possible answers "markedly positive changes" or "positive changes."

Requests for estimates of the portion of low quality products and of products held back by the technical control of foreign trade in the total export of the respondents remained unanswered by 15 of them. Fourteen answers were within the 20-25 percent interval.

As to the portion of specialized and cooperative deliveries for export in the total export in 1981, a majority of respondents gave less than 1 percent, i.e., 27 percent of the respondents (45 percent of respondents gave no answer). The next three groups, with 6 percent of the respondents each, reported portions in intervals of 1-5 percent, 35-40 percent and 40-45 percent. However, it is our opinion that a more efficient indicator characterizing the intensity of integration of a given respondent, i.e., a VHJ, in international production specialization and cooperation is the portion of specialized and cooperative export deliveries in the total production of the respondent. With 48 percent of the respondents absent, the most often reported values are again cumulated in the 0-1 interval (this applies to 27 percent of respondents); the 1-5 percent and 5-10 percent intervals of the portions are always filled by 6 percent of the respondents. The highest reported figure, mentioned only once, is in the 35-40 percent interval.

Plan and Breakdown

The differences in the export plan breakdown of the production departments and FMZO [Federal Ministry of Foreign Trade] (or VHJ's and OZO's) are mentioned by 61 percent of the questioned VHJ's and 44 percent of the questioned OZO's to be the main problem stemming from the divided planning of exports in the production area and the foreign trade. Especially the respondents from the foreign trade area admit that the task breakdown may agree as far as the VHJ-OZO level, but differences occur in balancing the tasks on the plant-trade group level. The second place among answers of the respondents from the foreign trade field to the above questions is taken by the problems of a different place and moment in the filling of the export plan by production organizations and foreign trade organizations (it reports 37 percent of the questioned OZO's as against 12 percent of the production field respondents, which also

represents the second place in this group of respondents). Among further problems mentioned by respondents from the production field can be mentioned term differences in the planned work, contract making on supplier-buyer relations (12 percent of the questioned VHJ's and a varied influence level of individual economic instruments on VHJ's and OZO's (6 percent of the questioned VHJ's but 12 percent of the questioned OZO's).

The export tasks breakdown for selected items (especially machinery) has no purpose from the point of the increase of export effectiveness. That is the opinion of 45 percent of those questioned at VHJ's and 50 percent at OZO's. (Only 6 percent of the questioned OZO's are of the opposite opinion and 44 percent of the poll questionnaires gave no answer to this question.)

Insofar as the respondents from the production area have the possibility of influencing the method of determination of the binding export tasks in the state planning, 38 percent of them determine these tasks only in FOB prices, and only 12 percent would prefer to make that determination with the help of the final balance between export and import in FOB prices (pure exporters excluded).

To the question of whether the respondent considers the information on foreign markets at his disposal sufficient (from the point of view of decisionmaking processes), 79 percent of the questioned VHJ's answered negatively and only 21 percent consider them sufficient. Table 1 shows the use of information on foreign markets (exchange rates, prices, trends in technical innovation abroad, etc.) by the questioned respondents from production.

Table 1

Use of information on foreign markets in production

Purpose	Percentage of Respondents
Deciding the direction of technical development	24
Plan formation	23
Price formation	18
Formation of longterm export concepts	17
Formation of longterm field concepts	13
Other purposes	5

What is the opinion of respondents from the foreign trade sphere about if and how their production partner makes use of the information on foreign markets? A total of 69 percent of OZO workers questioned think that the production

partner does make use of this information from time to time, among other things for concept formation on technical VHJ development and export concepts. A total of 19 percent of those questioned state that it supplies the information but does not know its further fate, and finally, only 12 percent acknowledge that their production partner makes use of the information and works on it, especially where longterm concepts for VHJ technical development are concerned.

Finace and Exchange Instruments

The first question in the section on the finance and exchange instruments was aimed at the funding of material export stimulation, which in the majority of cases was the result of growing volume or an increment in the export volume.

The influence of foreign currency incentive is small, even though the respondents put a positive value on it as such. It does not fill the goals, however, for which it was conceived (growth or increment in export effectiveness). The means flowing from foreign currency incentives cover the penalties by the SBC [State Bank of Czechoslovakia] and failures in foreign exchange regulations. With regard to deepening material problems, a stricter regimen was instituted in releasing foreign exchange claims to producing organizations from the foreign exchange incentive fund. Clearly, the creation of this stricter regimen influenced the views of production field respondents on foreign exchange incentive effectiveness with a stimulation of the export efficiency of their VHJ.

Out of the questioned economic production units, 73 percent expressed the reality that the system of foreign exchange incentives has no stimulating influence on the export efficiency of their VHJ, while only 24 percent of respondents have an opposing view. The foreign exchange incentive principle, however, contains a more general problem inhering in the fact that the volume of foreign exchange resources (import needs) is not locally bound (with the exception of accidental cases) to the production of export resources; a similar problem is the above-mentioned import restrictions when export demands are increasing.

Other foreign exchange financial instruments (interest bonuses, special purpose coverage) which 70 percent of the questioned VHJ's use have hardly any influence. They are used primarily for boom purchases (15 percent) or for imports with foreign commercial interest (10 percent). A total of 15 percent of the VHJ's make use of foreign exchange coverage for other purposes, such as seasonal imports with longterm delivery, final assembly of exported industrial plants, production cooperation. The respondents do make rather heavy use of fast return foreign credits (94 percent of the VHJ's questioned do so). However, they consider their relatively short term of payment to be a significantly limiting aspect.

The influence of financial-economic instruments of foreign trade is not sufficiently oriented toward the factors decisive for effectiveness. The comparative indicator important for evaluating the planning and effectiveness of economic participation in the international division of labor shows a number of

distortions of both an objective and a subjective character. The FOB price is distorted by inflation, further by interest on credit sales, customs duties, exchange rates and territorial destination of the export. More than once the planned level of the comparative price indicator leads to an export rejection of a competitive product. The wholesale price of the cost type with a differentiated profit size, the height of which is manipulated subjectively, distorts the height of the comparative indicator, leads to arguments during the choice of export products with the tendency of export rather traditional products which have been manufactured for some time and with which the comparative indicator is higher than with the new, innovated products bearing higher wholesale prices.

Price Questions

The price markups attained in 1981 by 20 respondents was a new element in the price area; the rest (i.e., 13 VHJ's) either did not answer the question or did not realize such price markups. Even though a majority of respondents attained price markups, we must realize that from the point of view of total production volume, the values were more or less nonsubstantial. The price from 1981 signals a tendency in production to grant price discounts even when the comparative indicator has been falling.

When analyzing the influence of the Set of Measures in CSSR foreign economic relations, it is interesting that among the reasons for granting respondents preferential price treatment, the effectiveness of export figures most prominently, as Table 2 shows.

In 1981, 20 respondents were affected by price penalizing, the remaining 13 respondents did not reply or were not affected by the penalties. The price penalizing portion of the total production of a respondent was again, just as in the case of price preferential treatment, quite insubstantial. An overwhelming majority of respondents affected by the price penalties (95 percent) show the portion of this price penalizing to be less than 1 percent of the total production of merchandise; the rest, i.e., 5 percent of these respondents, show a portion within the 5-10 percent interval.

Among the causes leading toward price penalizing of the respondent, the III degree of quality figures in the first place. In last place are price penalties resulting from inefficient export.

Just for the sake of completing the picture of stated facts about price preferential treatment and price penalties, we mention that a clear majority of respondents realized both preferential treatment and price penalties, while the volume of realized preferential treatment for all respondents except one prevails over the total volume of price penalties.

Table 2

Reason for according preferential treatment

Reason	Percentage of Respondents
Technical progress	33
I degree of quality	39
Fashion and luxury goods	15
Reason not stated	10
Export effectiveness	3

Price conflicts arising from the different positions of OZO's (FOB price and comparative indicator) and of production organizations (wholesale price) cannot be solved by confronting external conditions but by the stronger partner's argumentation. The fundamental price discrepancies between VHJ's and OZO's, which had to be solved by higher organs, are signalled by 75 percent of those questioned in VHJ's and 50 percent of those questioned in OZO's. Simultaneously, 45 percent of those questioned in VHJ's and 50 percent of those in OZO's present cases in which, because of too high wholesale prices (and thus a low comparative indicator), export of technically competitive product was not realized.

As long as we talk about discrepancies between production partners and those in foreign trade, the polls show that only 33 percent of the questioned respondents from the production area and 22 percent of those from the foreign trade area, during protocol negotiating of supplier-buyer relations or of agreements on the preparation of deliveries in foreign trade, have not encountered conflicts that would require solutions by superior organs. As the most frequent causes of such conflicts, respondents from the production area mention first a different view of the level of FOB prices, primarily toward nonsocialist countries, funded covering of exports, again especially against nonsocialist countries, and disputes about assortment of goods. Respondents from the foreign trade area mention as the main causes of these disputes primarily the nonfulfillment of the delivery plan for export in the assortment arrangement according to OZO requirements and the funded covering of export.

* * *

We have tried to give our readers a maximum of general and factual findings. That is why the respondents' own suggestions for improving individual thematic areas are not the subject of this article; among these can be mentioned, for instance, suggestions for modifications which would unify the plan breakdown in content and time, export tasks, longterm binding rules of foreign exchange planning, integration of export plans with material balances of

centrally planned products, extention of payment terms for foreign exchange return credits, and others.

The set of measures for improving the system of plan management after 1980 was introduced with the understanding that the system is an open one which would make possible a fluent, organic integration of new findings, inputs resulting from a critical objective analysis and outputs of economic research and experience from economic practice. So far, the influence of the Set of Measures represents a relatively short period but one long enough to point out spots signaling shortcomings which have to be solved and their solutions experimentally verified.

12392
CSO: 2400/421

BOOK ON KHOZRASCHET REVIEWED

Prague NOVA MYSL in Czech No 9 signed to press 4 Aug 83 pp 149-152

/Review by Josef Zavada of J Dvorak's book "Intensifikace ekonomiky a chozrascot" /Intensification of the Economy and Khozraschet/ Prague, Academia 1982, 233 pages/

/Text/ Research, development and application of theory and methods of khozraschet or management on the basis of cost accounting are among the most important tasks of our economic theory. This is all the more true today, when we amplify and introduce in practice the "Set of Measures for Improving the Planned Management System of the National Economy after 1980."

As general secretary of the CPCZ Central Committee and President of the Republic Comrade Gustav Husak emphasized: "We are particularly interested in the higher quality and prospectiveness of planning, in greater effectiveness of direct management, in multilateral and more intensive utilization of value relations in order to exert greater economic pressure on production ...The following rule must apply to all areas of management: less bureaucratic cumbersomeness and anonymity, more flexibility and socialist initiative, greater jurisdiction, material incentives and responsibility of economic /production/ units..."

Control of this entire process, which was initiated by the resolutions of supreme party and state organs and which is part of the entire society's effort to put through and implement the strategic line of intensification of the economy, efficiency and quality, must be based on the knowledge of economic laws of socialism, on taking them into account, on search, exploration and practical application of the ways which will best and most effectively lead to the set objectives, and on the workers' creative initiative. Here economic science and its individual sections occupy an important place.

Jiri Dvorak's monograph "Intensification of the Economy and Khozraschet" is an important contribution to the inquiry into the khozraschet methods in the formulation and implementation of the plan. The author has set himself the goal of contributing to the elaboration of the principle of

the unity of planning and khozraschet, to its development to the position of an economic mechanism with reference to the specific development of the Czechoslovak economy at the present time.

In his work he deals with the organization of khozraschet relations under conditions where expanded reproduction must be carried out on the basis of a labor productivity increase prior to an increase in the national income together with a simultaneous relative reduction of funds as well as material and energy consumption.

In the preface to his book the author rightly points out that the extent of utilization of socialist production relations for economic development and of utilization of the existing economic potential for an adequate increase in nonmanufacturing consumption depends upon the level of management of social processes and within them on the rationality of the economic mechanism, in the first place on its core--planning and management of the national economy. The increasing effectiveness of planning and management of the economy is an irreplaceable part of the process of transformation of potential advantages of the socialist mode of production into reality.

Although the economic mechanism, writes the author, is a system of concrete economic form reflecting the essence and nature of production relations, it changes and improves as a result of better knowledge. It must be constantly adjusted to the development of productive forces and production relations on the basis of increasing capability of controlling and making use of economic laws and in combination with the principal strategic tasks of economic and social development. During some stages of this process only minor changes occur, while in other stages changes of more fundamental nature take place.

The actual text of the book is broken down into eight chapters. At the beginning the author deals with the question of an intensive type of growth and utilization of economic reserves, and formulates the principal factors in intensification. He then proceeds to elucidate the basic terms of political economies, such as khozraschet, planning and commodity-money relations, and explains the role of prices in the functioning of khozraschet. In the next section he deals with the relationship between khozraschet and plan indicators such as net production, normative net production, profit, return on investment, labor productivity, material cost, effectiveness of fixed production assets, economic norms.

In the next chapter the author examines in detail the production of funds for wages payable under the conditions of khozraschet: he analyzes the relationship between wages and final work results, the system of production of funds for wages payable, normative determination of the ratio of wages to net production, uniformity and differentiation of wage norms, production of funds for incentive wage components, conditions of incentives for drawing progressive plans and problems of differentiation of individual wages and collective forms of remuneration.

The following chapter is devoted to the distribution of profit between the khozraschet sphere and budget. Here the author analyzes the rate of profit centralization in the budget, system of profit levies and its relation to the plan, khozraschet incentives, levies on production assets and the system of financial funds.

After clairfying the relation of khozraschet to the investment process, the author focuses this attention on the definition of the economic production unit as the basis of management in the enterprise economic sphere, the concept of khozraschet in integrated enterprises and the clarification of khozraschet elements of management on the sectoral level.

The book contains a number of important ideas and stimulating suggestions. Among them, for example, is the notion that the consistent orientation toward intensification is combined with the development of scientific-technological revolution and the necessity of combining its results with the advantages of the socialist system of economic management. By their very essence, socialist production relations create unlimited room for the development of productive forces. From their dialectical relationship it of course follows, says the author, that these relations themselves in the process of social development must be in individual aspects purposefully perfected and adapted to the attained level of development of productive forces. The most dynamic component of their system are the relations directly linked to the organization of social production, forms and methods of socialist management.

In the socially optimal management of complex processes related to the transition of the economy to intensive growth an important role is assigned to the political economics of socialism as the scientific base of party economic policy. The political economics of socialism must not only discover and characterize economic laws and their interrelations, but also examine the mechanism of their effective utilization in economic practice.

Among its most important tasks is the theoretical elaboration of organizational problems of khozraschet relations. Here the elimination of differences between the national economic and enterprise criteria of evaluating economic results comes to the forefront. This makes imperative the application of a system of indicators which would precisely reflect the quantity and quality of manufactured use values, and the degree of society's satisfaction with different products (and services). At the same time, these indicators must show the cost of resources which had to be spent to satisfy the needs. Thus, they must be a realistic criterion of labor value added and past labor input.

During the intensification, the author points out, the significance of proportionality and conditions created for the smooth course of the reproduction process which requires a more perfect synthesis of physical (naturalne vecne) and value criteria increases. An important condition of the proper working of khozraschet with regard to national economic

effectiveness is its more effective linking of the producer's contribution with the effectiveness of the customer's operations. Of considerable significance in this context is the linking of financial incentives with the fulfillment of economic agreements.

The author deals with the problems of value indicators on the basis of which the results of khozraschet units are evaluated, and analyzes their advantages and shortcomings. He demonstrates that a more pronounced orientation of khozraschet to the satisfaction of customers' needs in the required quantity, structure, quality and within the specified deadlines is not only a matter of the optimal choice of value indicators--regardless of whether the indicators of gross or net production, profit or return on investments are involved. He examines the role of prices in the system of khozraschet indicators, the modification of advantageous prices in relation to the individual criteria of activity of khozraschet units as well as other questions which are related to the desirable functioning of horizontal economic relations including the relation between the direct (specifically directive) and indirect tools of planned management.

An important direction of making khozraschet more comprehensive is the reorientation of its short-term tools to the dynamic optimization of the economic process over a longer period as well as the application of a more complete synthesis of wages depending upon the amount and quality of labor expended and work results of khozraschet units, effective control over the amount of work and consumption rate in all their mutual relationship. To make the attitude of khozraschet units toward investment more responsible, it is important to link cost and profit to current economic results and through them also to personal financial incentives.

The strengthening of the economic position of economic production units reflects the development of productive forces and the requirements of ongoing scientific-technological revolution. It is also connected with the very changes in the methods of planned management. The consolidation of the relative independence of the khozraschet sphere and the intensification of khozraschet relations within planned management are to be purposefully carried out in relation to strong economic production units.

The author regards the improvement of khozraschet as an important part of adjusting the economic mechanism and of overall management of social processes to the requirements stemming from the necessity of intensifying the Czechoslovak economy. From these broader standpoints, more efficient management of the economy depends, according to the author, particularly on the improved quality of decisions at all levels of management.

This brief summary cannot do justice to the full scope of the book or to the profoundness of the ideas contained therein. Its value lies in the fact that it is based on the theory of Marxism-Leninism, the conclusions of the 16th CPCZ Congress, experiences from our economic and social

development as well as on the findings of Marxist-Leninist political economies in the Soviet Union and other socialist countries. It takes into account the practice of planning and managing our national economy and originally links the concept of economic laws and regularities inherent in the socialist economy with the concrete pressing problems of its further development and improvement of its management.

The author has a special interesting way of explaining things which is attractive for the reader. Due to the fact that the analysis of problems is appropriately accompanied by suggestions for their solution, this work is a necessary source of knowledge for workers in the area of economic theory, workers in basic research and university professors of political economies, and for those who deal with economic propaganda and workers in economic practice.

10501
CSO: 2400/36

RULES GOVERNING COMMERCIAL CONTRACTS, EXPORTS

East Berlin WIRTSCHAFTSRECHT in German Vol. 14 No 4, 83 pp 183-186

[Article by Marianne Walther, justice for contract law, Court of Contract Law and deputy director, Department of Industry: "On Fundamental Determination No 5/1983 About the Form and Fulfillment of Commercial Contracts via Export"]

[Text] The third DVO/VG [implementing decree on the contract law] sets down the rules for economic units to organize and conduct foreign trade activity in conformity with economic requirements.

A consistent, uniform and correct application of appropriate law regulations in all economic sectors is the crucial prerequisite for it. This requires certain comments on the third DVO/VG and an appropriately specific interpretation of these law regulations. In conformity with the economic requirement, and in elaborating comments and interpretations, the priority treatment of export regulations was confirmed as correct and necessary, and the fundamental determination No 5/1983 was issued.[1]

On the General Regulations

According to Article 3 section 1 of the third DVO/VG, AHB's [foreign trade enterprises] and export enterprises are under the obligation to sign economic contracts on their cooperation relations as legally prescribed in their written form in Article 4 of the third DVO/VG. Not until a written contract has been signed on export commission and export transactions is there the needed premise for a legally precise and orderly conclusion of export contracts with foreign partners.

Because in concluding economic contracts on export the formal prescription is not always met, it is necessary to determine, through interpreting Article 31 section 3 of the VG [contract law] what manner of conduct by the customer constitutes the acceptance of the performance in the fulfilment of export commission and export contracts because only this conduct by the customer makes the contract effective "in so far" when it is not drawn up in the prescribed form (figure 1.1 of the GF [Fundamental Determination]). As it is implied in the export commission relation (Article 14 section 2 of the third DVO/VG) that export contracts that commit an export enterprise to meet its obligation certainly must be conveyed to that enterprise once an AHB has signed (Article 20 section 1, last sentence in the third DVO/VG), an unopposed acceptance of such information by the export enterprise has the legal force of acceptance in terms of Article 31 section 3 of the VG.

An export commission contract signed not according to form certainly never is valid if an export enterprise decides to turn down an export contract within the scheduled time frame, exercising the righ to do so as of Article 20 section 3 of the third DVO/VG.

The export contract is a delivery contract. Yet in contrast to other delivery contracts, the AHB as the customer is not the recipient of the performance of the export enterprise. Thus here also the application of Article 31 section 3 of the VG calls for a special interpretation. Acceptance in the sense of Article 31 section 3 of the VG either is a special act of acceptance with the foreign partner taking part in it or--if such an act is not intended--the AHB's paying the purchasing price.

We should, however, reiterate at this point that acts in accordance with figure 1.1 of the GF merely remedy the formal deficiencies in existing export commission and export contracts with regard to a concrete export transaction so that a contract valid in so far is in place. The economic contract has an organizing function in preparation of export which does not become effective when export commission and export contracts are not drawn up in their proper form. For that reason, flagrant conduct in violation of their obligations by AHB's and export enterprises concluding economic contracts should, among other things, be punished as a violation of state discipline.

Another concern of the first part of the GF is clearly to define once more the rules of intra-combine domestic foreign trade relations deviating from the rules for general intra-combine cooperation relations (Article 8 of the third DVO/VG) and summarize, in particular, the essential export regulations from which, as to Article 8 section 1 of the third DVO/VG, a combine may not deviate (figure 1.2 of the GF).[2]

Figure 1.3 determines the preconditions under which the official court of contract law takes action due to its specific competency as of Article 8 section 2 of the third DVO/VG in litigation between and AHB and the export enterprise in a combine. Here, with regard to the demands to be made on a resolution under its own responsibility, one had to proceed from the regulations in the Fundamental Determination No 1/1978 about resolving litigation under one's own responsibility.[3]

Based on the types of procedures regulated in Article 22 section 4 of the VG, figures 1.4 and 1.5 of the GF have set down that the official court of contract law also may carry out procedures ensuring cooperation in intra-combine domestic foreign trade relations to bring an influence to bear on contract fulfillment[4] and control procedures for enforcing state discipline in export.

On the Coordination Contract

AHB's and export enterprises, when the preconditions for it exist in terms of Article 34 section 1 of the VG, have to sign coordination contracts for preparing future performance relations in export and agree on the sort of modalities in their cooperation that will ensure an effective export preparation for products that earn foreign currency and are in accordance with international requirements. Accords on relevant rights and duties in the export commission contract are in

force (Article 9 section 2 of the third DVO/VG), whereas for preparing installation export the duty to conclude a coordination contract is made explicit in Article 9 section 3 of the third DVO/VG. For preparing the export of products further criteria had to complement those of Article 34 section 1 of the VG, explaining the obligation to conclude a coordination contract. Account had to be taken here of that the coordination contract must principally serve the prepration of the production and sales of products meeting world market standards. The agreement from the AHB, required in accordance with Article 5 section 3 of the Tasking Workbooks Decree,[5] with the tasking workbook presented by the export enterprise in its initial defense thus is referred to as an act (figure 2.2) presupposing the contract obligation, as of Article 34 section 1 of the VG. Once the AHB agrees, long-term intensive cooperation between both partners subsequently becomes necessary to accomplish the future export of such products with the benefits anticipated. These remarks in the GF in particular point to the necessary connection between scientific-technical development and export.

On the Export Commission Contract

The export commission contract (EKV) that is to be signed in accordance with Article 14 of the third DVO/VG is a special service contract. The obligations of the partners to this contract are set down in Article 14 section 2 of the third DVO/VG. The AHB and the export enterprise have to agree in the EKV which products or other services the AHB has to sell in its own name as billed to the export enterprise to foreign partners and what the terms are that have to be negotiated with those partners (e.g. schedules, warranties, qualities, packaging). The terms on which an AHB may sell abroad are a mandatory component of any EKV.

The inference that these terms as such turn an EKV into a skeleton contract is not acceptable. Rather, the terms on which sales are to be made are typical of the EKV as being a service contract (cf. Article 14 section 2 sentence 1, compared with Article 20 section 1 sentence 1 in the third DVO/VG).

Skeleton contracts can of course be made on the repetitive terms of export commissions with regard to Article 40 of the VG. As such skeleton contracts most of the time contain no accords on the products to be sold by the AHB (nor about types, volumes and assortments and the like), the partners have to spell out these contractual obligations separately. Not until such accords are made, normally for a given planning year at a time, can the EKV be drawn up with respect to what is in fact to be performed. The rights and duties of the skeleton contract become the rights and duties of the EKV without requiring any further reference to the skeleton contract (Article 40 section 2 of the VG). Skeleton contracts may agree that the export commission contract is drawn up by means of the export coordination protocol relative to the export commission contract for a given plan year and the products to be sold by the AHB. Unless the partners of the skeleton agreement are identical with those of the protocol,[6] additional accords are needed for passing on the coordination results (figures 3.1.2.).

In this context one must specifically point out that the export coordination protocol does not automatically become a part of the contract but only upon appropriate agreements among the partners.

In the principles summarized under figure 3.2, in interpretation of Article 14 section 2 compared with Article 20 of the third DVO/VG, concluding an export contract is presented as the AHB's meeting its obligation to sell the products and as justifying the concrete performance obligation of the export enterprise. That was also the point where one had to comment on the function of the export order because in practice what had been obscure about it had repeatedly led to erroneous actions by the partners. The export order is defined in figures 3.2.4., in conformity with the authoritative determinations by the State Central Administration for Statistics, as a planning, accounting and customs document. It is not an economic contract and cannot take the place of such a contract. The AHB receives its performance obligation from the EKV in terms of concluding export contracts with foreign buyers and the payment of the prices negotiated in such contracts in accordance with law regulations. Once the AHB has met its performance obligation relating to the export contract concluded, it must inform the export enterprise about it (cf. Article 20 section 1 last sentence of the third DVO/VG). Because the AHB must pass on to the export enterprise an export order anyway, so that the export enterprise can document the contractual obligation for its plan parameter for export, induce the GDR customs organs to take action needed for the shipment of the products, and provide DABA [German Foreign Trade Bank] with the documents that initiate payment, and because this export order contains the substance of the export contract of essential concern to the export enterprise, the AHB can meet its obligation to provide information in terms of Article 20 section 1 last sentence of the third DVO/VG by submitting the export contract. It must, however, abide by the legally set deadline of 2 weeks subsequent to the conclusion of the export contract. The fact that the export contract can be used for passing on the substance of the export order has, however, no bearing on that an export order revision in principle cannot effect a change of contract. A delayed delivery in an export order revision, e.g., rates as a contractually binding delivery period for the export enterprise only if the AHB has indicated that the export contract with the foreign partner was properly amended (cf. figures 3.2.4.). This also takes into account a case where an export contract could be realized neither at the delivery period agreed upon nor up to 31 December of the given plan year, but delivery is supposed to be made in the following plan year. The period of performance shown in the export order revision (January of the following year) does not make any difference to that the export enterprise, through the expiration of the delivery period agreed on in the export contract, finds itself in arrears.[7]

Figures 3.3.7.through 3.3.9. deal with the regulations on properly making out foreign exchange invoices and other documents initiating payments and with the properly timed passing on of such documents to a branch of DABA, i.e. with what the partners have to do to ensure rapid payment in foreign exchange. DABA's confirmation of the export documents, complete and properly made out, for one thing, triggers the AHB's payment obligation and, secondly, sets the premise for obliging the foreign partner to the terms of payment as set down in the export contract. Thus, to create the conditions for rapidly receiving foreign exchange, properly making out the documents that will trigger payments, in conformity with the terms agreed on in the export contract, and their being forwarded within deadlines as set down by DABA[8] are of special importance. A duty-bound conduct by the export enterprise and the AHB thus has a very special economic relevance that transcends the partners' relationship. This special responsibility also is expressed by the introduction of official plan parameters for

foreign exchange income from exports by certain combines to the nonsocialist economic region.[9] The GP therefore specifically points out (figures 3.3.8.) that the partners should agree on contractual penalties as to Article 26 section 3 of the third DVO/VG for violating the duties in submitting payment-triggering documents, especially for the nonobservance of regular deadlines.[10] Here, as in any other possible cases of agreeing on contractual penalties, the focus lies on that the agreements are in principle enforceable through the official contract court when particular duties have repeatedly been violated by a partner.

In so far as the export enterprise relies on the performance of its ancillary supplier for making out and submitting payment-triggering documents, it has to include appropriate agreements in the economic contracts. Such agreements can also be formulated by the official contract court. For parts of the export products to be sent in stages from the contract partner of the export enterprises to foreign partners, figure 3.3.9. contains the stipulations obligating the ancillary supplier to make out the payment-triggering documents. In so far as the ancillary supplier has to submit the documents to DABA himself, he likewise is bound by the regular schedules.

On the Export Contract

Though the export contract is a delivery contract, regulations about the export commission apply accordingly, unless the fourth part of the third DVO/VG determines otherwise. Figure 4.1 therefore takes account of the recurrent suggestion from the export enterprises in the sector of the bezirk-managed industry, to mention specifically, in order to clarify this determination, the regulations that are applicable to the export contract relation.

Furthermore, because Article 29 of the third DVO/VG, in determining the place and time of the performance, explicitly confines itself to deliveries, it was to be pointed out, in figure 4.2, that whenever other performances are subject to an export contract, the place of performance conforms to the ways and means of the performance as to Article 52 section 1 of the VG.

Figures 4.3 through 4.5 explain the legal consequences of violating the AHB's involvement as governed by Article 31 of the third DCO/VG. Because the export contract is a delivery contract, in terms of the legal consequences of not sending out bills of lading in time, one has to differentiate between the foreign partner or the AHB having caused the delay. This is different again from the export commission contract, where the terms of the export contract are binding on the export enterprise. If the AHB fails to send out the bill of lading in time and the export enterprise therefore cannot deliver in the time frame required for fulfilling the export contract at the time and place of performance agreed upon, as to Article 29 of the third DVO/VG, the export enterprise, as to Article 100 section 3 of the VG, has a claim to contract penalties and any other damage claims such as due to delay in receiving the goods. The export enterprise, however, just as in export commission transactions, is obligated to keep the products in stock, provided the products are such as would permit that (figure 4.4). It cannot send the AHB a bill.[11]

It furthermore was necessary to explain the accountability of the partners for violating duties from the export contract (figure 4.7) because, since there was no explicit rule, problems might arise as to the law that would apply. Though the export contract as a specific delivery contract differs essentially from the service relation of the export commission, so that a commensurate application of the regulations about accountability in the export commission relation is not possible, except for Article 26 section 2 of the third DVO/VC, and the general rule of the contract law applies to accountability for the export contract, the legal consequences of material liability are fundamentally no different, as the contract penalty is the chief penalty that has to be paid also in accordance with the contract law violations, as to Article 26 section 3 of the third DVO/VC.

On Specifics in the Export of Installations

As the third DVO/VG has taken account of a higher degree of complexity in dealing with the matter, a justified demand, by including essential cooperation law regulations about the export of installations, the particulars of installation exports also were included in the GF.[12]

In this section one mainly went back to the principles that had already been summarized in the Fundamental Determination No 1/1979. They have done well for all intents and purposes. So we need not comment on them in detail at this point.[13] But certain rules were changed or supplemented that have to do with signing contracts on ensuring ancillary supplies and performances in installation export. Here one had to take account of establishing the new legal situation as affected by priorities (Article 26 of VG) and of the new provisions on the possibilities of computing shipments and performances for installation export as direct export and of the planning and accounting as direct export. That applies in particular to the principles summarized under figure 5.5 on concluding contracts to ensure economic contracts which, in conformity with Article 26 of VG, get the priority and may be refused only if conditions [one sentence of garbled text] A customer raises his claim to having a priority contract signed by indicating the order number the State Planning Commission has assigned to the installation export project[14] when he sends in his order, correlating it clearly also with the ancillary products and performances on order. Contracts about ancillary supplies and performances for installation export may be denied only when the conditions as of Article 26 section 2 of the VG apply.[15] Neither the main contractor (HAN) nor other contractors (AN) are entitled to refuse the contract by referring to a decision that still has to be made about authorizing ancillary supplies or performances as direct exports. Even when the legal prerequisites are on hand for accounting for them as direct export[16] yet the concurrence is still missing from the competent minister or the State Planning Commissions's decision, the economic contract, as to Article 26 section 1 of the VG, is to be concluded as direct export without the mode of settlement having been agreed on.

If after an economic contract was signed on supplies or performances for installation exports, agreement on having it go as direct export is received, the contract must be changed. Changes relate particularly to the prices negotiated. Partners now must establish, with the participation by the AHB and on the basis of proportionate foreign exchange prices, the export yield for the volume of performance that counts as direct export and include that

price in the contract along with the modalities in billing and payment.[17] If the partners have settled for direct export, based on legal grounds, but at the time that the contract was signed the concurrence had not yet been received from the minister who has to concur with the general suppliers and the HAN or AN, the contract becomes valid, as of Article 28 section 3 of the VG compared with Article 8 section 1 of the Order of 10 June 1981, when concluded, with the concurrence pending. As it has been reported that some HAN's and AN's signed economic contracts while adding the note that the contracts are regarded as valid only if supplies and performances ancillary to the installation export are counted as direct exports, it must be explicitly stated that incorporating such a condition in an economic contract is inadmissible. If that was done nonetheless, the contract stands without any such reservation, and the HAN or the AN are committed to their deliveries or performance by the contract. This results from the following:

HAN's or AN's have to integrate ancillary supplies and performances for installation exports with the plans and balance-sheets on a priority basis[18] and conclude economic contracts on such a basis. If the terms are in place for dealing with it as a direct export, the legally stipulated concurrence has to be obtained. Economic units must not evade such legal regulations by concluding economic contracts that are made dependent in their validity on settling for direct exports. Such an understanding would provide some contract partner with unjustified advantages. If the requisite concurrence with the partners' accord is denied, or not even sought, the accord is invalid, but not so the contract. It, rather, must be fulfilled because the law wants it so (particularly on account of the priority).[19]

Article 26 section 3 of the third DVO/VG offers the liability yardstick for duty violations by a HAN or AN whose ancillary supplies or performances count as direct export. This means that a HAN or AN is liable to pay damages for duty violations that have led to a violation of performance obligations in an installation export contract, even if he can rid himself of the legal consequences of liability in accordance with the liability criteria of the contract law, so that he, e.g., need not pay a contract fine for delayed deliveries. So he has to pay damages to the general supplier if he had to reimburse the AHB in GDR mark. In setting the amount to be paid in damages by the HAN or AN in this case, one must consider the performance volume of the HAN or AN and the scope of his duty violation in so far as also duty violations committed by the general supplier have led to the violation of the installation export contract.[20] Since through the new rules for planning, balancing and accounting of ancillary supplies and performances in support of installation export it has been set down for economic units in the sector of the ministry for construction and the bezirk construction offices that under special conditions ancillary supplies and performances in support of installation export not only are settled as direct export but can be planned as such from the outset,[21] and furthermore there always is the chance that such fundamental decisions are made by Council of Ministers resolutions, Article 16 section 2 of the third DVO/VG had to be interpreted in line with these new conditions (figures 5.4.2. and 5.4.3.). HAN's and AN's planning their ancillary supplies and performances as direct export and settling them accordingly have no claim against the general supplier to getting paid for offers on such performances as long as the general supplier in turn also has to make the offer to the AHB free of charge as of Article 16 section 2 of the third DVO/VG.

Economic contracts as to Article 3 section 2 and Article 8 section 1 of the Order of 18 June 1981 may be concluded only between the general supplier and his HAN or the general supplier and his AN. In the extended cooperation chain no deal is permitted that would make ancillary supplies and performances in support of installation export count as direct export.

FOOTNOTES

1. "Fundamental Determination (GF) No 5/1983 About the Form and Fulfillment of Commercial Contracts via Export" (VuM/StVG [Directives and Information on the Contract Law] No 3/83); cf. also M. Walther, "Economic Contracts on Export and Import," IWRTSCHAFTSRECHT, No 2, 1982, p 110.

2. Cf. also G. Strassmann and E. Suess, "The Rules for the Tasks of Combines and Combine Enterprises in the New Contract Law," WIRTSCHAFTSRECHT, No 4, 1982, p 208.

3. VuM/StVG No 1/73, cf. also "Consultation on the New Contract Law," WIRTSCHAFTSRECHT, No 3, 1983, p 143, and G. Strassmann and E. Suess, op. cit.

4. Cf. "Consultation. . .," loc. cit., p 142.

5. Decree of 17 December 1981 on the Tasking Workbook for R&D Tasks--Tasking Workbook Decree-- (GBL Part I 1982 No 1 p 1).

6. Cf. Order of 28 November 1979 on the Order of Economic Planning in the GDR, 1981-1985, Part O, Portion 29, Figure 4, Section 4 (GBL, special issue, No 1020), in the version of the Order of 30 April 1981 as supplement to the Order of Economic Planning in the GDR, 1981-1985 (GBL Part I No 14 p 149).

7. Cf. "Aus der Spruchpraxis des Staatlichen Vertragsgericht" (From the Jurisdiction of the State Contract Court), Vol 8, Berlin, 1979, p 82.

8. Cf. Guideline of the German Foreign Trade Bank of 8 October 1975 for Submitting and Passing on Export Business Documents, in the version of the first amendment of 20 November 1978.

9. Cf. Article 31 Section 1 of the 28 January 1982 Decree on Further Perfecting Economic Cost Accounting on the Basis of the Plan (GBL Part I No 3 p 85).

10. Cf. "Aus der Spruchpraxis . . .," op. cit., Vol 11, Berlin, 1982, p 63.

11. Cf. 14 December 1966 Order on the Reorganization of Planning and Financing of Export Stocks in the GDR (GBL Part II No 153 p 1122), which applies however only to state-owned export enterprises--cf. figure 4.5 of the GF.

12. GF No 1/1979 About the Form and Fulfillment of Commercial Contracts in Installation Export (submitted to the ministries directly) has expired as it was based on the fourth DVO/VG when the third DVO/VG went into effect.

13. Cf. also M. Walther, "On Some Matters in Installation Export," WIRTSCHAFTSRECHT, No 3, 1979, p 158.

14. Cf. Article 4 of the 10 June 1981 Order on the Planning, Balancing and Accounting of Installation Export Including Ancillary Supplies and Performances in Support of Installation Export (GBL Part I No 19 p 249) in the version of Order No 2 of 9 February 1983 (GBL Part I No 5 p 50).

15. Cf. E. Suess, "Concluding Commercial Contracts," WIRTSCHAFTSRECHT, No 2, 1982, p 78.

16. Cf. Article 8 section 1 on the 10 June 1981 Order, op. cit.

17. Ibid., section 5.

18. Ibid., Article 3 section 3.

19. On account of the negligibility of the proviso and the efficacy of the contract for all intents and purposes, reference is made in figure 2.2.1 of GF No 2/1983 of 16 May 1983 to the application of Civil Code provisions to economic legal circumstances (VuM/StVG No 3/83), in Article 68 section 2 of the Civil Code.

20. Cf. Commentary on the Contract Law, Berlin, 1977, footnotes 2. 11 to Article 106 (p 544).

21. Cf. Article 3 section 2 of the 10 June 1981 Order, op. cit.

5885
CSO: 2300/64

WEST GERMAN COMMENTARY ON CEMA CONFERENCE

Frankfurt FRANKFURTER ALLGEMEINE in German No 246/42D, 22 Oct 83 p 12

[Article by Hans Herbert Goetz: "Tikhonov Could Hardly Have Spoken More Plainly"]

/Text/ The 37th session of the Council for Mutual Economic Assistance, the economic union of ten communist states, is over. The next session--Cuba's Deputy Prime Minister Rodriguez proudly announced--will be held in 1984 in Havana, the capital of his country, right at the doorsteps of the leading Western power. It is probably a safe assumption that this event is causing some discomfort in the United States, particularly since Nicaragua will be present in Havana, as she was in East Berlin, with a status that is between an observer and a full-fledged member.

However little the final communique says--in both East and West such communiques are essentially statements of intentions--, it was left to Soviet Prime Minister Tikhonov to state outside the conference room of East Berlin's "Hotel Berlin" during a banquet, that the preparations for a CEMA summit meeting have been completed and that the consultations are "imminent." It doesn't make much difference what point in time he meant by "imminent" since Erich Honecker already used the same word last May in Moscow. The appointment calendars of the politicians in the socialist countries are, as a rule, heavily used in the fall when the central committees have their meetings and when, most importantly, the economic plans must be passed, and 1984 promises to be a year that will be even more difficult to master for all East-bloc nations than recent years. Even after this Council session, the question remains whether a summit which, of course, will take place in Moscow, will be able to produce the qualitatively higher level of economic integration Tikhonov has been calling for, and whether it will be possible to carry out the likewise repeated demands for more effective coordination of economic plans by adopting resolutions at an economic summit of Eastern countries.

Rumania's Prime Minister Dascalescu was the only one in East Berlin who, in urgent words, called for this economic summit to take place "as soon as possible." It is easy to understand this request from the Rumanian point of view since Rumania, whose economic situation is worse than that of any other East-bloc country, is hopeful that an economic summit will result in more Soviet supplies, particularly

of energy and raw materials, above all petroleum. It is significant that Dascalescu, unlike the other heads of delegations, chose not to distribute the text of his speech, or at least excerpts of it, in East Berlin's press center and that the German news agency ADN did not report the most critical sentences; the fact that this text was distributed in Vienna indicates how important it was for Rumania to make this speech public.

However coded the language is that the East-bloc leaders use to satisfy the needs of the public--it's much more direct in the conference room--, GDR Prime Minister Stoph addressed some sensitive issues in his own way when he insisted that it was time to resolve certain questions. In particular, he was thinking of the prices at which the USSR was selling her crude oil to the favored GDR, prices which jumped by about 50 percent back in 1982 and which topped world market prices for the first time this year. Still, it is true that no payments can be made in rubles transferable in world markets but must be in hard currencies. The Soviet Prime Minister's reaction was cool and he stated that the interest of the CEMA countries in receiving Soviet energy and raw materials "was well known" and that the USSR would make efforts to continue future shipments "within the framework of her possibilities." But he left no doubt that these possibilities would "depend in many respects on the extent to which the other CEMA countries would be able to supply the goods needed by the Soviet economy." He really couldn't have put it more clearly, more harshly.

This is the problem that weighs heavily on all East-bloc countries, including the GDR: They are required to export more and more in order to be able to import Soviet raw materials, in some instances, in smaller quantities than in the past; as a result, they can't invest as much as they feel is necessary to maintain or boost their exports. And Tikhonov, hard like a rock, has demanded that "a complete end be put to the practice of supplying obsolete products."

So far, the GDR has done quite well in 1983, except for the drought that forces the GDR to buy about two million tons of animal fodder against payment in hard currencies. At the moment, the GDR is buying consumer goods for Christmas such as chocolate, which have become almost unknown in the GDR. In spite of this, the GDR has remained a reliable debtor. For Poland, Prime Minister Jaruzelski made it clear that Gierek's policies that led to excessive dependence on Western technologies, which the Polish planners could not translate into higher productivity, would not be continued; Poland's attempt to secure for herself a degree of economic independence from Moscow has failed. Hungary is well liked in the East bloc, especially in Moscow, because of her agricultural surplusses and because she has remained politically "obedient" despite the economic reforms she has undertaken with determination and success. Rumania's situation is a catastrophe, and for Czechoslovakia as well, Prime Minister Strougal had to report an "extremely complicated situation." Will it be possible for a summit to provide solutions in such a weak situation? Probably not; at any rate, there is very little hope that a new stage of more effective economic integration will materialize. The great "complex program" of 1971 has largely remained one of the "prospects" of which there is no lack in socialist reality. To those who know what socialist economists are writing about the desire and the reality of Eastern economic

integration, it will become clear that there can be no substantive changes in the future.

The price and market mechanisms of Western integration are still functioning quite adequately, although they may be in more serious jeopardy at the moment than ever before because of all kinds of protectionist measures in the agricultural area, in industry and world trade. The CEMA countries have reserved for themselves the right to pursue their own national price policies, with the result that the purchasing power of their currencies is not developing uniformly and that the transferable ruble, CEMA's key currency unit, is unable to fulfill its original function. Because of that, it will hardly be possible, and not even meaningful, to coordinate the economic plans as demanded at the Berlin session. After all, CEMA isn't much more than a net of bilateral contractual purchase and supply obligations which are difficult to meet in any event.

It is typical for the functioning of the Soviet planned economy and its exports that the structure of its exports has taken on an almost "mono-cultural character." In 1982, the export of energy and raw materials accounted for 80 percent of all receipts from Soviet trade with the West (Jochen Bethkenhagen). Eastern economic integration will never be able to reach the level of the integration of a market economy. Communism probably doesn't even want such a close integration because the planning authorities would be unable to control it. Even after the summit, the framework for shaping economic policies in the Soviet bloc can hardly change. No matter how cleverly designed the mechanisms are to coordinate economic plans, they cannot take the place of the quietly running and also efficient market mechanisms. However, whenever the market signals are disregarded--and there are signs of that every day--, painful developments, including mass unemployment, are inevitable. Even the Soviet-bloc countries have inflation and unemployment--more hidden than visible--, everybody knows that.

However difficult Soviet-bloc economic integration remains, the political stature of CEMA has increased to the extent that it was successful in expanding the circle of developing countries which, for whatever reason, were willing to link up with Moscow. These countries have been talking very clearly about their economic needs. Whether or not the Soviet bloc can help them, that remains to be seen.

7821
CSO: 2300/59

SOCIOECONOMIST DISCUSSES WORK ATTITUDES, LOW PRODUCTIVITY

Belgrade INTERVJU in Serbo-Croatian 2 Sep 83 pp 16-19

/Interview with Mladen Zuvela by Dragan Tanasic/

/Text/ Mladen Zuvela thinks that absenteeism is today the most dangerous thing for production. He estimates that, if the same trends continue, around 2010 all employed Yugoslavs would not be working. The well-known sociologist and professor at the School of Economy in Split, author of numerous studies and several books, also answers the question whether we are really a lazy people, or do people take this as a fact only because the results of our work are really poor.

"I am not exactly a scientist. I only have an interesting profession and specific work experience. I have been engaged in politics for only 8 or 9 months. It is true that I worked as a volunteer in the Split party organization for a year and a half. Fortunately that experience in Split and the present one in Zagreb are a pleasant surprise for me, because I have presented my research, in one way or another, to a large number of political activists and, instead of criticisms and reservation, I have stimulated, as it seems to me, interest and attention, and I have even got support for the continuation of some research projects.

"I will not talk about some sporadic objections and misinterpretation of my words and thoughts because it happens everywhere, and I am aware that my insights are limited and by this very fact subject to doubt and criticism."

Just this statement of Mladen Zuvela, member of the Presidium of the CK of Croatia, industrial sociologist and professor at the School of Economy in Split, in answer to the question how he coordinates scientific insights with the everyday political pragmatism would be, it seems to me, sufficient for the reader to form an idea about the personality of our interviewee.

Tolerant and witty speaker in discussions, with Mediterranean directness in private moments, this former national representative in swimming and skilled worker-caster, then director of the Split dockyards, and now a pedagogue and high party official is a born people's tribune. This may be the reason why he has not given a final form to his voluminous sociological research. His friends say that Zuvela could sit down and write for the next 10 years.

However, he has published "only" about 80 articles in professional reviews and 7 monographs: "Forms and Social Consequences of Unemployment," "Sociologico-economic Aspects of Leaving the Dockyards and Going to Work Abroad," "Workers' Attitudes Toward Further Allocation of the Funds for Common Consumption," "Some Aspects and Manifestations of Strikes in the Dockyards," "Volume, Structure and Causes of Absenteeism in Work Organizations," "Socioeconomic position of the Worker," "The League of Communists in Industrial Work Organizations."

He has written a doctoral dissertation titled "Social Conflicts in Industrial Work Organizations" and two books, "Work-Related Illness" and "Sociology of Unemployment."

/Question/ In a recent talk with Professor Zupanov, he said that our sociologists have studied acute forms of social conflicts, but that they have almost neglected the research of quiet forms of conflict or, as some people call them, "white strikes." Why have you not published your study, since you finished it several years ago?

/Answer/ These conflicts are being studied but not as much as necessary. My colleagues, industrial sociologists and psychologists deal with this, which is understandable. Otherwise, these conflicts are in professional literature called "roundabout conflicts"/obilazni sukobi/.

It is true that I was dealing with these problems, too, and for a rather long time--about 10 years. There is no mystery why I have not published my study. In fact I did publish one part of it in abbreviated form, and there was discussion about it at one meeting. But social conflicts in industrial work organizations of the self-management type happen to be the subject of my doctoral dissertation and, at least till now, I did not want to publish the study before I defend my dissertation. The fact that this defense has been delayed is a consequence of my 1-year-long disease, exaggerated scrupulousness and the desire to verify once more my observations of this broad and insufficiently researchly researched problem area. The publishing house Rad has accepted the study and included it in its publishing plan. I hope that they will publish it by the end of this year.

In sociological literature, both old and new--Mladen Zuvela explained--absenteeism is regarded as one of the forms of conflict. Thus, apart from open public conflict, expressed by a strike, we talk about informal conflicts which emerge because of the action of informal groups, and roundabout or indirect conflicts which are manifested through absenteeism, fluctuation, and various forms of passive resistance. All these forms are an expression of the individual way of solving the conflict situations.

Thus, the roundabout or indirect conflict appears when an individual, consciously or not, seeks the solution to an objective situation in which there is a conflict which he has not been able to solve in an organized way. Although we are dealing here with a personal reaction, it is obvious that behind the purely individual behavior there are broader social tensions.

/Question/ In what forms are "roundabout conflicts" expressed?

/Answer/ Absenteeism is one of the frequent forms. Fluctuation also. But here we must also include the organized reduction of production; work slowdown; intentional reduction of work effort; intentional increase of waste; increased consumption of material and energy; breach of work discipline and of normal behavior of the member of the collective; literal sticking to instructions even when such instructions obviously are not appropriate to the situation; significant disturbance in human relations; drop of interest in the work of self-management bodies, and formal performance of self-management obligations; alienation from sociopolitical organizations; increase in the number of complaints, etc. All these forms can be followed and studied. We have done it, too.

/Question/ Why then is absenteeism signled out? Is there something special that characterizes it?

/Answer/ Absenteeism is somehow signled out because it is the most massive phenomenon, so that in its case we can speak of a group, and not individual action. Otherwise, under the concept of absenteeism we understand absences--repeated absences from work or, even more broadly, all the absences from obligations.

/Question/ Like many other social phenomena, absenteeism, too, is seen and explained in various ways.

/Answer/ Exactly. Some people see in it the source of work disorganization. (Managers most frequently do this.) Physicians often see in it man's need to relax or convalesce. To the workers, absenteeism is an expression of their right to resist, in an organized way, tension and dissatisfaction, and to personnel managers it is a barometer of "social climate," viz. satisfaction and dissatisfaction with work. Trade union activists regard absenteeism as an expression of work conditions and, in their opinion, each organization has the rate of absenteeism it deserves. Women see in absenteeism an expression of the impossibility to satisfy simultaneously both professional and family obligations, etc. In any case, we are dealing with a multifaceted approach.

/Question/ In your research you followed all the absences, both the permitted and the nonpermitted ones.

/Answer/ Only in such a way could we come to some complete results. We followed, first, all kinds of leaves (vacation, leave for family reasons, because of school, maternity, care of children, civic duties, etc.). Second, all kinds of leaves because of illness, undeclared motives, tardiness, unjustified absence, etc. Third, time for education, social and self-management activity. Fourth, unproductive time, comprising transportation during working time, organizational stoppage during the working time because of the lack of material, documentation, energy, private time of the worker on the job, i.e., that time during which he can work but does not do it.

/Question/ What you have listed cannot be regarded as the workers revolt.

/Answer/ No, no. A lot of it represents social achievement and man's need, so that it does not have the stigma of social shame nor is it laziness. It is not

a consequence of a conflict, either. Research is just being made to establish the critical moment at which absenteeism appears as an expression of the social conflict. Unfortunately, absenteeism is lately becoming more and more an indicator of a drop in the motivation for work and of a conflict. I can say something else: strikes are not typical or prevailing forms of conflict in our country; such forms are rather, to a much greater extent, the above-mentioned roundabout conflicts.

/Question/ The consequences of these roundabout conflicts are almost the same as those of acute conflicts?

/Answer/ There are also acute forms, only they are not manifested in the form of group action. Their consequences, unfortunately, are not equal, but larger, viz., graver. The number of lost working days per person because of strikes i- our country, as a whole and in every concrete work organization, is really negligible. More time is lost, for example, because of tardiness, not to speak of sick leaves. In some organizations there are 50 days of sick leave per person. While open conflicts clearly show the differences, manifest real social problems, strengthen the workers solidarity and push social forces to mobilization for the sake of solving the problems, and this, although it may sound unexpected, strengthens the organization, the same cannot be said of the roundabout conflicts, or at least not of all the forms in which they are manifested. Individual reaction does not have such power, does not lead to rallying and common solving. It is dysfunctional from the standpoint of the organization and deepens the problems. Therefore its consequences are incomparably more complex.

/Question/ You stated that absenteeism in the Yugoslav society is increasing and that it is becoming homogeneous. The increase began in 1961. You have written: "If this trend continues, in 2008 all of us will not be working"?!

/Answer/ It is a well-known truth that absenteeism in our country is increasi g. But it is increasing all over the world, and more in the developed than in the undeveloped world. Exceptions are, to some degree, Japan and Canada. But thi is a poor comfort for us because we stand right behind Seden and considerably in front of many more developed countries.

Absenteeism is becoming homogeneous. This means that it is already similar in the industry, commerce, health care, education. For example, absenteeism in the industry and health care has become almost identical. In some underdeveloped areas it is even higher than in some developed ones. It is less and less restricted to less-qualified workers in production. And, what is particularly interesting, it is growing equally f ified and unjustified reasons. Equally because of vacation and justified le because of sick leave, tardiness, etc.

/Question/ Why exactly has it been growing since the 1960's?

/Answer/ This is simply an empirical fact which, in my opinion, has no ideological connotation. Work has been developing more intensely since then, and employment has become broader and more complex. As for the calculation and date you mentioned, it is true that I made it, but 3 years ago, on the basis of data in one part of

Dalmatia. I assumed then that nothing would change in the coming decade, but that the same trend of increase would continue. Under these conditions, it would happen about 2008 that all of us would not be working.

/Question/ How do you explain the phenomenon that absenteeism in Yugoslav society, except for the private sector, is lowest among the people employed in sociopolitical communities?

/Answer/ The private sector, besides agriculture, is small and employs mainly young people with pronounced psychophysical capabilities, and it is certainly stricter in the application of the law on work relations. One thing is certain: this does not happen because of better compensation (except in rate cases). The situation is somewhat different in sociopolitical communities. Sick leaves, passes, and tardiness are more rare there. We cannot neglect the positive relationship of these workers toward their work. But they have incomparably better working conditions. And there is something else: some leaves of those who work in these communities are not recorded at all, because they are regarded as rights acquired in an earlier period which have been retained till today. This is true of almost all categories of workers in these organizations. But in order to be consistent we must say that each organization has a certain number of such workers. They have the freedom and "luck" to determine by themselves their work schedule and use their time for activities that have nothing to do with their jobs.

/Question/ In the organizations you research, sick leaves amounted to somewhat more than 20 percent in 1961, and today they represent 43 percent of all the losses of working time. Are we today indeed more sick than then?

/Answer/ I do not know what is happening with the health of the population as a whole and of the employed people. Their health is probably better, because health care is better developed and living conditions are certainly better. But the people working in industry are nevertheless somewhat more sick. However, many things have changed in the meantime. Workers are older, former craftsmen's methods and tools have been replaced by complex machines, work has become faster, more detailed, more women are working, and finally, there are more and more disabled persons. This has a direct influence on absenteeism.

We would never try, however, to explain all the sick leaves and all this increase by the worsened health condition of the employees. It is known that sick leaves due to injuries at work are diminishing, but that nondefined conditions covering many paramedical symptoms are increasing. I was surprised myself by the results of a study made by the Yugoslav Academy of Arts and Sciences within the project of the long-term development of SRH, which states that every working person has about three degenerative diseases.

/Question/ How much more frequently are elder workers, toward the end of their career, absent from work than those who are at the beginning?

/Answer/ As a whole, the number of lost days per worker is increasing with his age. Young workers' absences are most frequent and shortest. With the oldest it is the opposite: they are rarer but longer. One could say that young workers'

absences are characterized by their frequency and the older ones' by duration. One research has shown that workers over 55 are absent eight times more than workers between 20 and 29. Or, to use a strictly professional term: correlation between the age and the number of absences is 16, and between the age and the duration of absences 24. With the age, it is clear, intensity of absenteeism grows. This is true of all the categories of working people--blue and white collar workers, experts and managers. This is understa
diseases become more frequent with age but, what is often forgotten, so does the insecurity at work. Somebody may say that I give amnesty to the young people. They are often accused of escaping from work. There is a myth about this and, unfortunately, it is not the only myth about young people.

/Question/ You discovered interesting differences in the absences of men and women. You emphasize that this is not a consequence of the "women's issue." What then is the cause?

/Answer/ Women are absent from work more frequently than men, even when we exclude from the comparison the absences due to motherhood. And yet, high absenteeism is not a feminine condition. Women are somewhat less skilled, they work more on assembly lines and perform repetitive tasks in shifts, for a smaller income. All this, to some degree, influences absences. Yet, their absenteeism is decisively influenced by their family situation and their obligations toward the family. For example, married women, as a whole, lose twice as much working time than the unmarried ones. But married women without children or those with more than two children are absent from work more than the unmarried women and women with one or two children.

/Question/ You say in your study: "There are fantastically worthy things related to women's absenteeism." What are they?

/Answer/ I thought of several things. First, widows, divorced women with children and self-supported mothers have least absences. Yet it is certain that they have a greater need to leave. But they also have a greater need for the entire income. I also thought of the fact that women have a characteristic pattern of absenteeism by age. It increases until the age of 35-39, then decreases, and around 50 their absenteeism is rarer than that of men of the same age. Then it increases again, but less than the absenteeism of their male colleagues. You must admit that this does not correspond to the prevailing opinion on working women.

/Question/ When we speak of professions, you are completely convinced that there is a direct correlation between the level of skill and absenteeism?

/Answer/ Managers, specialists and highly skilled workers have about the same rate of absenteeism. But skilled, semiskilled and untrained workers have a somewhat higher rate. This is all tightly connected with the working conditions. A manager can come to work with a small lesion, cold or even arthritis, but this is not possible for the worker at the assembly line. A manager, specialist or administrative work can reduce his efficiency without blocking others, but the worker at the assembly line or in a work group would cause serious disturbances to others. For this reason, unfortunately, there is often more concern about

how to replace them than with the fact that they are not here and that they are sick. Briefly: the correlation between qualifications and absenteeism is, in fact, the problem of work conditions.

/Question/ Migrations usually affect production workers. Are there any more precise data about the consequences of this fact on their work capacity?

/Answer/ Do you have in mind daily and weekly migrants, and the fact that migrant workers usually work in production?

/Question/ Yes, I was thinking of them.

/Answer/ In many production plants migrant workers represent a majority. This is important for two reason.

First, because migrant workers live at one place and work at two places: in the factory and at the village. They need not be poorer workers, as is often thought. They are not. But objectively, because of the seasonal character of the agricultural production, at certain times they stop working and leave complex and expensive machines, or entire technological units, insufficiently utilized. This is a complex economic problem, because migrant workers continue their activity from one generation to another. Yet the development of an industrial workforce requires that the worker should become an integral part of the urban life, even if the work in industry is not his only source of income.

The second reason is more closely connected with absenteeism. Travelling to work that lasts longer than 1 hour directly increases absenteeism. Early rising and long travelling "consumes" and exhausts the individual.

/Question/ What is the relationship between absenteeism and the size of the work community or group?

/Answer/ Most direct. Absenteeism is a symptom of demotivation and it is frequently related to the size of human groups at work. It is not accidental that formation of large communities is being avoided today. Even statistics show that the number of injuries increases in large organizations in all the branches of industry.

Several reasons can be found for this phenomenon. If you work in a small group, you realize that your absence will represent a burden for your colleagues. In a large group you are anonymous. Participation in common decisions is greater in small groups, and the type of leadership is more democratic. In one word, smaller groups are closer to natural relations. And the idea that basic organizations of associated work should be homogeneous social groups is not without foundation.

/Question/ And the management? Does management also influence absenteeism?

/Answer/ Where workers are included in the decisionmaking, where they can freely discuss the work and give their suggestions, absences are rarer. And vice versa, where they cannot influence decisions, workers are often absent.

/Question/ Does this mean that arbitrariness and autocratic management contribute to absenteeism?

/Answer/ Not only absenteeism but fluctuation, too. All our research shows that the dissatisfaction with the style of management is more frequently the reason for the fluctuation of highly qualified workers than the amount of personal income. It is not necessary to emphasize that arbitrariness and autocratic management are directly opposed to the idea of self-management.

/Question/ Your discovery that organizational stoppages are incomparable more frequent in professional services than in production is very interesting.

/Answer/ This discovery is 10 years old. Nothing has changed in the meantime. But not only organizational stoppages are greater in professional services; private time is, too. In production, productive time amounts to about 67 percent of the total working time, and organizational stoppages about 12 percent. The rest is private time. In professional services, on the other hand, productive time is only 48 percent of the total working time, organizational stoppages 28 percent, and private 26 percent. It is therefore strange to hear, especially lately, ever-more-alarming warnings that workers in material production are weakening our production resources. As if all the others want and do good, while they do not understand it and destroy. I always wonder: Where do those who state that workers work only 3 hours, or a little more, get this information? On the basis of what research do they tell it, without fear and shame?

/Question/ The data that in 1961 a worker lost 32 days in a year, and in 1981 70 days are bewildering.

/Answer/ I would say that they worry rather than bewilder, because they are true, at least for the area which we researched. In order to avoid confusion, let me say that this number in includes vacation and all paid leaves. And you know how a "correctly distributed" vacation time, combined with holidays and Saturdays and taken on several occasions, can reach up to 6 workdays. Of all these losses, sick leaves take about 30 days per worker as an average, vacation 25 days, national holidays 7 days, tardiness, unjustified absences, civic duties, education, self-management duties, etc.--9 days.

/Question/ Do our working hours, in your opinion, contribute to these losses and to what degree?

/Answer/ Absenteeism increases with the duration of work and with the difficulties posed by working hours. As far as I know, all the research has shown that shorter work time reduces absenteeism. Similar results are achieved by flexible work schedule, adapted to the individual and his needs. Unfortunately, such work scheduling is rare in the world, and especially in our country. Besides, our work schedule is specific. It starts at dawn and is interrupted by a recess in the third hour of work, when productivity is at its highest level not achieved later. The work ends in the middle of the day, and a large number of people continue working in another, parallel, economy. It is thus quite clear that our work has a rhythm that is more appropriate to such double employment than to the developed industrial work. It is clear that such schedule contributes to

absenteeism. In the interest of a successful development this theme must be approached. A well-selected work schedule has a great influence on productivity.

/Answer/ If we had chosen a smaller number, some significant causes would not have been analyzed, because we could not have connected them methodologically with another and follow them in this way. For a similar reason we did not subdivide them in greater detail. These 11 variables are: age, health condition, sex and marital status, qualification, position and income level, length of employment in the organization, housing condition and time necessary to get to work, physical conditions of work, psychical conditions of work, extraprofessional activity, characteristics of the local community and influence of legal regulations. Within these variables we followed a number of traits, and if we did not cover all of them, I must say that we neither could nor wanted it. Anyway, nobody has given a single cent for this research except for a trade union in Split which gave a one-time help of 2 million old dinars for one part of the research.

/Question/ Has enough attention been paid so far to part-time work, viz. extraprofessional activity?

/Answer/ I think that it has not, and if it has, it mainly referred to the activities of migrant workers. Researchers neglected many other activities, and especially in the area of services and supplementary work in social activities. This work is today one of fundamental social facts because, as research has shown, 34 percent of the socially useful work is realized in so-called unorganized forms. This work has been developed on the basis of the dynamic growth of the number of automobiles, mechanization in the household, and weekend activities. Let me remind you: in 1965 we had about 100,000 private cars, and today more than 2.5 million, not to speak of household appliances. At the same time, the number of craftsmen employed in the social sector and legal private sector, grew slowly. The vacuum was suddenly filled by moolighting which developed a kind of parallel economy. The Croatian part of the Adriatic coast offers a good example. Lately, 25,000 vacation houses have been built there, all of them, more or less, within the framework of this parallel economy. All this work undoubtedly influences the increase of absenteeism, and even more the transfer of a part of the work surplus from the social sector to private purposes and private hands.

/Question/ In the chapter in which you deal with living conditions we find the following thought: our solidarity is turned upside down--it is the solidarity of the poor with the relatively rich.

/Answer/ This was written in relation to the analysis of the housing policy, i.e., of the distribution of apartments and housing credits, for the first time in 1971 in the papers of the First Split Self-Management Conference. Later research has confirmed this, I do not know how many times. There is one regularity in this area: less-qualified workers get apartments more rarely but more often credits, in lesser amounts; the higher the qualification and the position in the organization, the more frequently the apartment is obtained or the higher the credit is, if the housing problem is being solved this way. Why am I saying that this is upside-down solidarity? Because funds for the housing are allocated out

of the income, thus out of the work of everybody, and the distributions practiced so far do not correspond either to the principle of distribution according to the results of work, or to the principle of solidarity.

/Question/ The readers will be surprised by your statement that people in our country work 12 hours daily. This shatters the deeply-held conviction that we are a lazy people.

/Answer:/ What laziness! How can we accept such an idea if we keep in mind that a large number of workers work at the pace determined by technology? Who can say this to the miner deep in the earth, to the woman working on numerous looms in textile industry, or to the worker on the assebmly line? Maybe somebody who never was there, and who has not even walked through a plant.

While the thesis of the workers laziness is spreading, some 30 percent of them work constantly overtime, i.e., more than 8 hours; furthermore, about 34 percent of them continue their work in the above-mentioned parallel economy (on the farm, in trades, tourism....). Many do it out of economic necessity. They may behave irrationally, and they certainly do it in contact with the social sector, and even to its momentary detriment, but they do work. To many people, if we take into account the commuting, the work day lasts from the dawn till the evening.

/Question/ What is the solution? How can the will and desire to work come back?

/Answer/ Everything revolves around work, and this should be the starting point. For the last 20 years, work has been fragmented, and it is clear that this makes it less efficient. On the other hand, the rhythm of the work breaks the worker, as do also the night wake and stress. There is a narrow link between the dequalification of work and mental health, and between the degradation of the working conditions and physical health. Today we have absenteeism (boycott of the existing) work system. Although this looks paradoxical, I think that absences today mean a strengthening of work for tomorrow, simply because the existing conditions will have to be changed for economic and humane reasons, in all the sectors. This is our future task, and here we have to look for solutions.

At the same time, we must invest all our efforts into the realization of the basic moral postulate of the socialist society: man must live on his work, and such relations must be developed which will, in all the situaitons, expand the freedom at work, which will spread self-management.

12455
CSO: 2800/34

SERBIAN FOOD, AGRICULTURAL EXPORT PLANS FOR 1983

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 Sep 83 p 6

[Text] The preparation and finalization of plans for the new fiscal year should logically be done in the last quarter of the current year. Such logic lately has been neglected so that, for example, the Food/Agricultural Export Plan for 1983 was sent to the representatives of the Serbian Assembly in September 1983. The plan was adopted by the SIZ Federal Institute for Economic Relations with Foreign Countries, at the end of June. Instead of the Assembly being busy with reviews of current, and plans for 1984, representatives will, with the delay of a full nine months, hear the plan for this year.

The excuses given by the Institute, such as: that economic conditions were not clear at the beginning of the year, and that the volume of this years harvest was also not known, hardly could be accepted. Precious time is lost, and dire consequences of the mess resulting from late planning, disorganization and other similar subjective errors, can not be avoided. In conscientious effort to obtain foreign currencies, it is not a wonder (though it should be) that, for example, Electronic Industry from Nish, "First Spark" from Barich, and the vegetable oil factory from Krushevats sold cattle under very bad conditions, and for a miserable price at that. The sale of the national treasure, as this action has been named at the conference of Serbia's Assembly Executive Council, which reviewed the plan, came at the most undesirable time. Such export did not only hit hard domestic slaughterhouses, whose capacities remained unused, but also the republic's agriculture.

The last Export Plan, delays in formulation of incentives, lack of clear understanding of export controls, and frequent changes in the rules of incentives markedly contribute to the insecurity of food/agricultural product organizations. From this stems a doubt as to whether the planned inflow of foreign currencies, as predicted by the Resolution for this year, will be realized. Instead of $400 million, being earned by the export of food, wine, alcoholic beverages, and vine grafts, as predicted by the Resolution, exporters in the Plan estimate only $373.4 million.

It is also estimated in the Plan that export of livestock and other animal products will bring $150.9 million, from which sum $122.3 million will come

from the convertible sector; that export of fruit, vegetables and their products will earn $122 million ($58.9 million from the convertible sector), wine and other alcoholic beverages $31 million, vine grafts $19.5 million, and $50 million from the export of other products.

Where do doubts that even this minimal Plan can be realized come from? In the case of livestock and animal-product exports, the fact is that in spite of the dinar's devaluation in the first half of the year, the republic's premiums for the export of these products were cancelled, so that incentives for grower-exporters were lost. When the fact that livestock production in large measure depends on imported reproductive materials is added, and that on the EEC market intensive help is given to their producers, it is obvious why the competitiveness of our products is minimal.

It is true that production is low and creates no profit because of disorder, chaos in buying price structure, and hosts of other weaknesses. There is fear among producers because the EEC Commission frequently presents our slaughterhouse with stiff restrictions, and intentions for frequent controls--each three months.

All of these domestic weaknesses, plus a lack of monetary stimulation, are applicable when questions of production and export of fruit and vegetables are raised. Besides, countries importing these products are constantly lowering the prices of fruit, vegetables, and their by-products, effectively neutralizing expected benefits from the dinar's devaluation. Foreign buyers are also discouraged from buying our fruit and vegetables by the 22 to 30 percent import duty.

A particular obstacle to the realization of planned export represents compensation for returned goods as well as local border trade, for which only organizations from that region are authorized. Exporters also complain that there is no application of unified credit policy for export production. Instead it is up to every bank to choose its methods. That is the direct reason for demands for a change in the stimulation system--that favorable conditions for small-scale border trade are not restricted on a narrow region, that monetary motivation for export is increased, that programs for substitution of reproduction materials are enacted, which is so acute in animal production, and that more freedom is allowed for use of foreign currencies realized from export, etc.

For now, it is certain that the export of wine will be realized, though it is also important that export to the convertible market is increased since it is right now more oriented to the money market. Realizing exports of wine, alcoholic beverages, and vine grafts is even more important because it is based on domestic reproductive materials. Unused opportunities for export on the convertible market remain large, not only for the export of wine and alcoholic beverages. but also of other agricultural products such as tobacco, confections, corn seed, and others which as of now are exported but more on the money market.

9982
CSO: 2800/483

END

END OF FICHE

DATE FILMED

28 Nov. 1983